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HOUSE OF COMMONS

FIFTH SESSION—NINETEENTH PARLIAMENT

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OTTAWA
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PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1945

CANADA

House of Commons Debates

OFFICIAL REPORT

Wednesday, June 28, 1944

The house met at three o'clock.

THE KING'S BIRTHDAY

REPLY OF HIS MAJESTY TO RESOLUTION EXTENDING GREETINGS AND GOOD WISHES

Mr. SPEAKER: If the house will please rise, I have a communication from His Majesty the King:

Buckingham Palace
21st June, 1944.

Dear Mr. Speaker,

The King has received from the Governor General the address adopted by the House of Commons of Canada on June 8.

His Majesty greatly appreciates this expression of the loyal good wishes of the members of the house on the occasion of the official celebration of his birthday in Canada and commands me to ask you to convey to them his sincere thanks for their kindly sentiments towards himself.

Yours sincerely,
A. Lascelles.

The Speaker,
House of Commons of Canada.

CRIMINAL CODE

AMENDMENTS—THEFT FROM POST OFFICE—FRAUD IN SALES OF MILITARY STORES—APPEALS FROM SUMMARY CONVICTIONS IN QUEBEC

Hon. L. S. ST. LAURENT (Minister of Justice) moved the second reading of bill No. 139, to amend the Criminal Code.

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, in connection with this bill, which has to do with a number of amendments to the criminal code, an opportunity is given to make some reference to amendments to the criminal code and the necessity for such amendments being made at this time. Each session there is an annual piecemeal introduction of amendments to the criminal code, and the accumulation of these suggestions for amendments show the necessity for a complete revision of the Criminal Code of Canada at the earliest possible time, such revision to be based on the changing and changed conditions through which we have passed and on the changes which have taken place in public opinion since the last revision of the code, also by reason of the scientific advancements that have taken place since the time of Sir John Thompson, who in a revision some fifty years ago codified our criminal law.

I suggest, Mr. Speaker, that the time has come for consideration by this house and by the Minister of Justice in particular of a revision of the criminal code in its entirety in order to bring it up to date and in order to remove the results of conflicting judicial interpretations which have been given on the various sections as well as anomalies that appear in many sections of the code.

All admit that the criminal code should be revised, and I rise for the purpose among other things of placing before the Minister of Justice the suggestion that there should be set up by parliament a committee composed of outstanding representatives of the law, and others, particularly of members of the bar, so that they may hear evidence from jurists, scientists, penal workers and psychiatrists to the end that there shall be a body of evidence available to enable the criminal code to be brought up to date.

Having regard to the fact that these amendments before us have to do with the revision of penalties I should like to suggest that something be done with regard to amending the criminal code in order to remove the situation that prevails to-day in that there is a mandatory penalty of death for all convicted of murder. That penalty has been changed in other parts of the empire. As a matter of fact —I am not at the moment entering into any discussion of the merits or demerits of capital punishment—in 1941 capital punishment was done away with in New Zealand, as was flogging and whipping as punishments for certain crimes. The trend recently has been to ameliorate the harshness of the criminal code, and I believe that provision should be made for the removal of the penalty of death so far as youths of eighteen years of age are concerned. In Great Britain that has been the law since the Children and Young Persons

Act was amended in 1932 providing that the sentence of death shall not be pronounced or recorded against any person under the age of eighteen years. Only recently there was an example of the horror felt by the people as a whole when in the city of Montreal an outstanding jurist, following conviction by a jury, had to impose mandatory sentence of death upon a fifteen-year old boy. True enough, everybody realized that the sentence would not be carried out, and as a matter of fact, shortly after the trial of a confederate, the sentence was commuted, as has been the case for many years, because no person under the age of eighteen has been executed for murder, the sentence in every case having been commuted.

There is reason why these severe sentences should be removed from the code. As the Minister of Justice has stated, experience has shown that when mandatory sentences are out of line with what public opinion regards as proper in the particular case, justice is defeated; for juries, realizing that there is no other way, in many cases, to avoid the rigours of the law, bring in a verdict of "not guilty" or a verdict for a lesser offence. No matter what may be said in regard to the jury system, one salient fact stands out, namely, that throughout the years juries have been the protectors of the people against unfairness, harshness and the rigidity against change which have too often characterized law makers who are behind advancing public opinion.

I suggest too that provision should be made whereby the right of appeal to the Supreme Court of Canada should be made available in criminal cases from the appeal court in the various provinces. One of these sections has to do with the matter of appeal, but it does not face the problem of the right of appeal on the part of the individual. Too often, as the law stands to-day, the right of appeal to the Supreme Court of Canada, by a person in search of justice, is circumscribed within such narrow limits that many who would otherwise appeal are denied the opportunity to do so.

One of the important things in connection with the administration of the criminal law is that not only should a man receive justice but that he should believe that in fact he is receiving justice, and I believe that in that regard all possible injustice would be removed if the minister would consider the enlargement of these provisions.

I believe that in the administration of the criminal law we should seek not only to punish but to reform. As the law is to-day, any youth of sixteen or over who commits a serious offence is sentenced to a penal institution. We have no institutions similar to those in the United Kingdom. In that regard we are far behind in the administration of our penal system. Many of the outstanding recommendations, most, if not all of what the royal commission on penitentiaries recommended in 1937, remain recommendations that have not been carried into effect.

Mr. POULIOT: And rightly so. They have not been carried into effect and it was right not to carry them out.

Mr. DIEFENBAKER: That is a matter of opinion. I believe that the recommendations that had to do with the improvement of the administration of justice ought to have been carried into effect, and so far as youth is concerned, so far as first offenders are concerned, provision should be made whereby it would not be obligatory as it is to-day to put them among old offenders. A system similar to that in the United Kingdom under the Borstal method should be brought into being in this country.

There is one other suggestion I would bring to the attention of the minister. Only recently in Toronto a prisoner sentenced to the penitentiary was taken to the common gaol, and while there a homicide was committed, allegedly by him. I feel a change should be made in the law whereby, when a man is sentenced to penitentiary, he should be forthwith taken there, where measures of security are much greater than in many gaols. As the law is to-day, unless a prisoner signs a waiver of his right of appeal, he remains in the common gaol for a period of thirty days. That, I submit, should be done away with, and provision should be made whereby those in authority may send prisoners sentenced to penal institutions to the penitentiary pending the period during which the appeal should take place.

Mr. MAYBANK: Will the hon. member permit a question? That which is being suggested to the house would make it somewhat more difficult for the prisoner in case he desired to prosecute an appeal, would it not? I take it it is not the hon. member's intention to make appeals more difficult, but is it not a fact that sending the man to penitentiary would make the institution of appeal more difficult for him? How would the hon. member get around that?

Mr. DIEFENBAKER: The question is a perfectly proper one. I realize the difficulties of counsel communicating with his client in the penitentiary. One has to communicate

with the Department of Justice in order to secure permission to do so. Apart from that, however, I see no difficulty in the way.

Mr. MAYBANK: Distance, as a rule.

Mr. DIEFENBAKER: Yes. But arrangements could be made for appeal directly after the sentence, and in any event, so far as the matter of appeal is concerned, it could all be done through the medium of correspondence as grounds of appeal have to do with legal arguments respecting the charge in general and very seldom with regard to the quantum of evidence.

Mr. SPEAKER: I cannot see the relevancy of the hon. member's remarks with regard to the question of appeal. His remarks are general with reference to the provisions of the criminal code and amendments that may be made thereto, but the house is considering specific amendments, and so far as I have followed the hon. gentleman to the present moment, he has not specifically referred to the matter before the house. Rather, he has suggested that there should be a general revision of the code. That may be in order somewhere else, but not at this moment. If the hon. member wishes to discuss the question of the relevancy of his remarks at this time I shall be glad to hear him.

Mr. DIEFENBAKER: What I had in mind was this. This bill amends the criminal code. Sections 364 and 365 mean that there is going to be an amelioration in the rigour of mandatory sentences. I bring to the attention of the house other sections that should be dealt with with regard to amelioration of sentence to the end that the administration of justice may be as perfect as possible.

The question of an appeal is dealt with by an amendment to paragraph (b) of section 749. This paragraph provides that in the case of summary convictions in Quebec, appeals shall be made to the superior court. The principles laid down with regard to amelioration of the mandatory sentence and the matter of appeals should be applied to the general administration of justice, and provision should be made that in respect of youths under eighteen years of age the death sentence shall not be mandatory. I contend that the amendments contained in the bill cover only a small segment of the problem, and that appeal to the Supreme Court of Canada is necessary in criminal cases to assure of a proper administration of justice.

Mr. SPEAKER: The hon. member's argument is that the bill before the house deals with matters that are the subject of comment to the Minister of Justice, and that further reference should be made to them because they are now raised by this amendment.

Mr. DIEFENBAKER: I was dealing with the matter of appeals, and the question whether provision should be made to give the right of appeal even while a prisoner is in the penitentiary, and that he should not be kept in the common gaol pending the exercise of his right to appeal. In general these are the submissions I wish to place before the house. One of the amendments contained in this bill is designed to increase the penalty and another to reduce the penalty. Then a further amendment makes provision for the right of appeal in one province. The suggested amendments merely touch the fringe of the subject. Those amendments do not meet the great body of opinion all over this country that is to-day asking for amendments to the criminal code to the end that the attainment of justice will be made easier. Those expressions of opinion come from within the legal profession and outside of it.

In recent years we have gone a long way towards the denial of the elementary principles of the administration of criminal law in a large portion of the legislation that has become law since the beginning of the war. The accused is denied the benefit of reasonable doubt. Presumptions of guilt take its place when a person is charged under various war regulations. The accused is deemed to be guilty unless he proves to the contrary. These things are contrary to the direction which we have a right to ask for in the administration of the criminal law of the country.

In speaking to these suggested amendments I have referred to certain other matters which are much more important, as I see them, than those dealt with. Many others will occur to other hon. members on all sides of the house. If a committee of this parliament were set up to study this matter, in my opinion, it would go a long way towards the advancement of justice in this country and the improvement of our penal law.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, this is the eighty-seventh day of the session. I contend that these amendments to the criminal code should have been brought down earlier in the session. As I said when this bill was being read the first time, and asked the minister a couple of questions which he did not answer, sections 1 and 2 of this bill affect the subject matter of what on the postmaster general's estimates I have had before this house for the last twenty years,

namely, what shall be done with regard to the word "theft" in the criminal code and those employed by the Post Office—that great public utility that is operating in a most splendid manner for the people of Canada—and are charged with theft of letters. During the debate on the postmaster general's estimates last year I raised the same question, and he was kind enough to say he would deal with this question, when I raised it for the twentieth time. After conferring with the Minister of Justice and Attorney General of Canada (Mr. St. Laurent) he brought in an amendment which I think will commend itself to all fair-minded people in this country. I appreciate what these great workers of all classes in the Post Office have been doing under an intolerable condition in winter and summer at low wages. Less than one-eighth of one per cent have failed thus in their duty, and juries failed often to convict when they knew the minimum penalty was three years. That minimum of three years is now eliminated.

When I was chairman of the board of police commissioners of Toronto I had complaints from magistrates, county court judges, high court judges and others regarding appeals in connection with those two sections. I believe in giving a magistrate, a judicial officer, the power to deal with them each as a special case, and allowing a minimum. It is a great improvement to do away altogether with the minimum three years.

Section 3 of this bill amends section 365 and increases the penalty from two to seven years. No doubt that is a wise proviso, but I think there should be some further investigation with regard to section 4 of the bill. This section deals with appeals from summary convictions in Quebec. A question arises as to whether or not there are too many judges in the province of Quebec and whether there are judges styled high court judges who are doing county court judges' work and getting the larger salaries and disbursements, and differently styled from judges in other provinces.

I have brought this matter up before. The organization of our courts is provincial. I contend that the amendment contained in section 4 of the bill may conflict with sections of the Judges Act. In amending the criminal code thus the house must read with it the Judges Act. The contention has been raised that there are certain judges in the two courts mentioned here, the Court of King's Bench crown side, and the superior court, who are doing work that in the other provinces is done by the county court judge.

My last objection to the bill is based on the fact that the principle of criminal code general amendments is also involved. It is bound up with the whole criminal code. It is very difficult to raise these matters in the house. You cannot deal with it when the minister's estimates are up. For many years I have had a bill on the order paper to amend the Judges Act. It deals with judges serving on commissions, and following privy council decisions. It should be considered in the proposed code amendments. I have had this bill up for some years but have not been able to get any consideration in war time. I point out that the various bar associations have also been making a number of recommendations to the present minister. I understand that this is his third year in office. He is a man who has a great reputation at the bar and is very much respected by the bar association of the country. I hope he will take up those other recommendations of the bar and include them in this measure. There are also many recommendations from the chief constables' association of Canada. That is a very important body. In war time every department of this government has increased its police duties, and they get nothing for it. This work has been forced on the municipalities and on the police systems of the country. For a number of years the chief constables' association has been making recommendations in connection with the administration of federal laws and the criminal code.

For some time I have been asking when an opportunity will be afforded to discuss the great number of people who are killed by motor cars. The sections of the code dealing with these matters should be brought up to date and a check made of this road slaughter. More lives are being lost and injuries caused through motor cars than the casualties in the last great war. The minister wrote me a letter saying the matter could be discussed on item No. 88 in his estimates, and that is what I propose to do, but little chance is afforded. As I said yesterday in connection with another bill, the minister should have added another section to the bill now under discussion which would permit charges of criminal negligence to be brought in such cases as the motor boat fatality at Port Stanley, in which seventeen people were drowned, and the recent fire in a Hamilton theatre, in which several lives were lost. I do hope the attorney general will consider that those guilty of offences in this regard be charged with criminal negligence by new clauses in the act. Further, I believe he should appoint a committee to bring the code up to date; a consolidation has long been overdue. As I have been saying for many years, the criminal code should be consolidated and revised. Many sections are

obsolete and not now applicable. It cannot be done too soon, for if we wait until the war is over it will be too late.

Mr. NEILL: Mr. Speaker, I really should rise to a point of order. I want to suggest that the doubt which Your Honour expressed a few moments ago was fully justified. The discussion which may take place on the second reading of a bill is clearly defined by our rules, which say that on second reading only the general principle of the bill shall be discussed. If I remember aright, there are more than eleven hundred sections in the criminal code. The rules do not say that on a bill like this we can discuss the general principle of the criminal code; we can discuss only the principle of the bill itself, which contains only four sections. It says nothing whatever about the other matters that have been alluded to this afternoon. If we are to be at liberty, on a trivial bill of this nature, to discuss at any length any or all of the eleven hundred sections of the criminal code, it is no wonder the Prime Minister spoke of the possibility of our being here until Christmas. It has been the custom since I have been in this house to discuss nothing but the general principle of the bill before the house on the motion for second reading, not the general principle of some other bill. I have known of a man who wanted to introduce an amendment to an act which had been thrown open, as they say; so he stuck around until they came to section 600, let us say, in order to move his amendment to that section. I have never heard, however, that it would be in order to have an open debate upon every section of the bill. We could not have a better illustration than the bill now before us; the act being amended contains so many sections, with very great implications. We shall be here for much more than a week or two if each of us airs his views and perhaps justifiable grievances in regard to every remote section of the code. I suggest that we adhere to the rules and discuss only the general principle of the bill under consideration.

Hon. R. B. HANSON (York-Sunbury): I desire to make a few brief observations in respect of this bill, and I hope I will not displease the hon. member for Comox-Alberni (Mr. Neill) if I discuss the principles of the criminal code incidentally, in a most general way, while generally speaking confining myself to the principles of the bill.

There is a great deal in what the hon. member for Lake Centre (Mr. Diefenbaker) has said with respect to the criminal code and its administration generally. I am not going into any of the particular topics to which he adverted, except to say that I support his contentions in every regard, with one exception. I think the criminal code should be overhauled. If my memory serves me aright it was in 1892 that the criminal law of Canada was codified. I had the honour to sit as a student under a very able man who did a great deal of work on the codification of the criminal law of Canada, the late Doctor Weldon, who lectured to us on crimes in the law school. His experience was of great benefit to us as students at law. The only point upon which I differ with the hon. member for Lake Centre is with respect to his suggestion that these unfortunate convicted men or women should be transferred immediately to the penitentiary.

Mr. NEILL: I repeat my point of order, which has not yet been decided. If it is to be generally understood that we can discuss every section of the criminal code under this bill, let us go to it. It will take a long time, and will be a precedent in the discussion of other bills. I just want the matter cleared up. If that is the ruling of the Chair and the judgment of this house, go to it; but don't kick later on when we come within sight of Christmas.

Mr. SPEAKER: I did not understand that the hon. gentleman was raising a point of order. When the hon. member for Lake Centre (Mr. Diefenbaker) was speaking I asked him to state in what way his remarks were relevant to this bill, and the hon. member said he was dealing with the sections of the bill and giving some instances in support of his argument. It may be that in giving those illustrations he was somewhat irrelevant as far as this bill is concerned, yet generally speaking he was confining himself to the sections of the code now being amended. I would ask all other hon. members to confine themselves to these amendments and their implications, supporting their remarks by whatever arguments they consider proper but keeping always within the amendments themselves. I rather think the hon. member for York-Sunbury (Mr. Hanson) was proposing to deal with the matter in the same manner; at least I hope that was so, and that I will not have to call him to order.

Mr. HANSON (York-Sunbury): I hope there will be no occasion for Your Honour to call me to order. The weather to-day is too hot for me at least to engage in any great controversy. I just want to finish the statement I was making, and then I shall deal entirely with the principle of this bill. That is to say, I do not find myself in accord with the suggestion of the hon. member for Lake

Centre in respect to the thirty day interim period now provided by law. I imagine his suggestion was prompted by the fact that in some of the county gaols there has not been proper custody of these men, and an agitation has grown up to have them shipped off to the penitentiary at once. That argument, I think, does not carry very much weight, because I believe it would be a great inconvenience for counsel pending appeal if they did not have the opportunity of frequent consultation with their clients. Having said that, I am content.

I am interested in the proposal to amend sections 364 and 365 of the code, and I will tell the house why. It is a long time since I have had anything to do with the administration of criminal law, but twenty years ago I defended a young man who was charged with the theft of money from a post office. I found myself confronted with a problem, as to whether I should advise him to plead guilty or fight the case out. If I fought it out and he was found not guilty, of course he would be cleared; if he was proved guilty, however, he had to go to the penitentiary for three years, willy-nilly; nothing less, because there was no discretion.

Mr. MARTIN: Or a suspended sentence.

Mr. HANSON (York-Sunbury): I do not think so.

Mr. MARTIN: There is a judgment to that effect.

Mr. HANSON (York-Sunbury): I do not believe there is the right to suspend sentence; the Minister of Justice (Mr. St. Laurent) will correct me if I am wrong. I remember discussing that case with the Postmaster General of the day, the late Hon. Charles Murphy, who was a good postmaster general, I should like to say in passing; who was himself an eminent lawyer, and who had a large experience in the practice of the criminal law of this country. I was unsuccessful in my defence of the case, with the result that the young lad, who had come from a good family, was sent to the penitentiary. Nothing could save him. After a time a remission was granted. I had something to do with getting the consent of the postmaster general of that day, as well as that of the then minister of justice, for the leniency shown by the crown in that connection.

At that time I discussed with Mr. Murphy the reasons for the apparent severity of the provisions of the criminal code against employees of the Post Office Department for stealing. In that instance it was a case of stealing money from a non-registered letter, then in the custody of the Post Office Department. While he paid great tribute to the honour and integrity of the postal service—and I join in paying the same tribute to that service, which handles millions of letters every year containing money, valuable securities, cash and specie—he pointed out that if there was the millionth case in which theft had been committed the penalty would be justified. He told me at that time that an expert sorting clerk could tell in a minute, simply from the feel of an envelope, whether it contained bank notes, and pointed out that the experience of the department had shown that opportunities for theft there presented themselves, as they did not present themselves to most people. Those clerks operate in a fiduciary capacity, and their records and conduct must be above suspicion. If undue leniency were shown, or if suspended sentences were permitted, they might place a premium on delinquency. I had to be content with that, although the minister at that time was very helpful in dealing with this first offender. I am glad to say that he was released from custody, and is now an honoured minister of the gospel in the United States. He did not become a confirmed criminal.

Mr. GRAYDON: He had a good lawyer.

Mr. HANSON (York-Sunbury): I am afraid I did not teach him that. So that the question I put to the Minister of Justice to-day is this. Having regard to what I learned first-hand from a postmaster general of twenty years ago, what change of policy has come over that department—because I assume this amendment emanates from the Post Office Department, and not from the Department of Justice—whereby they are recommending this leniency?

May I say in passing that the operation of this amendment will depend entirely upon the judicial officers who are administering the law. It will depend, for instance, on the type of police magistrate before whom many of these offenders will come. Or if the offence is under indictment, it will depend upon the type of judge who will have charge of the case.

In his introductory remarks the Minister of Justice confined himself entirely to the subject matter of the amendments, without giving us the reasons therefor. I should like to learn from him if there has been any change in the policy of the Post Office Department, and if it is now considered that the minimum sentence which must be exacted under the provisions of the statute as they now exist is too harsh. Generally speaking, would he tell the house what has occurred in the last twenty years which would direct the attitude of the Post Office Department toward the degree of leniency indicated in this bill? I am bound to

say that the postmaster general of that day convinced me that postal employees were the guardians of public moneys passing through the mails, and that there must not be any easy way of escape from the consequences of violation of the statute. He pointed out, further, that the penalty given must be sufficient to act as a deterrent. I believe that was the principle underlying his philosophy. It was a deterrent to everybody else, showing that they could not do this sort of thing and escape with only a suspended sentence, or a light term of imprisonment. I did not, of course, agree with him entirely at that time, because I had in my mind an offender who, I thought, had been dealt with harshly under the provisions of the statute. I therefore invite the Minister of Justice, when he closes the debate, to give us the underlying reasons which have caused the Post Office Department to change their views in connection with this important matter.

I have nothing of importance to say respecting section 4 of the bill. I think the minister pointed out a cogent reason why there should be a change, and certainly he is much more familiar with the administration of justice in his own province than any of us who are not from that province could possibly be. Sometimes I think there are too many judges in this country, especially since in this time of war they do not seem to have much to do. In my province, at all events, we could get along with a lot less. However that is a matter of—

Mr. ST. LAURENT: Within a matter of hours I have had representations to the contrary from the law society of the hon. member's province.

Mr. HANSON (York-Sunbury): They did not ask my advice, that is all I can say; they lost a good opinion.

Mr. ST. LAURENT: I shall be glad to have the hon. member's opinion to use in my reply.

Mr. HANSON (York-Sunbury): What I think they have in mind down there is that the government of to-day should fill vacancies when they arise, and not hold them back in the hope of holding them over for perhaps some incompetents to fill before or after an election. That is what they are objecting to in New Brunswick. If we are going to have a panel of three appeal court judges in New Brunswick, then let us have them. If we are going to have four King's bench judges in New Brunswick, then let us not get along with only two, and one ill, and one vacancy. That is what we object to in New Brunswick—the holding of vacancies. If they tell the Minister of Justice the whole truth and nothing but the truth, he will find out that that is the reason. I happen to be just about as close to the active practising barristers down there as anyone could be, and I believe that is the view. However, I apologize for interjecting those remarks.

Then there is another thing. We are going to have an election down there pretty soon, and there are two or three would-be applicants who are being forced to run over the course before they get their reward. I know it is very difficult—

Mr. SPEAKER: Order.

Mr. HANSON (York-Sunbury): Of course I know it is difficult to satisfy five applicants with just one plum.

Mr. SLAGHT: How does the hon. member know that? Is it through his own experience with a former government?

Mr. HANSON (York-Sunbury): I would say I would take a good deal of pride in the judicial appointments and recommendations I made in 1935.

Mr. SPEAKER: Order.

Mr. SLAGHT: The hon. member is reflecting on the whole bench.

Mr. HANSON (York-Sunbury): No, I respectfully dissent from that. I have a very high regard for the bench as a whole.

Mr. SLAGHT: One would not think so, after the hon. member's last remarks.

Mr. SPEAKER: I would ask hon. members to address the Chair.

Mr. HANSON (York-Sunbury): I would not have said what I did if the hon. member for Parry Sound had not interjected; and I am not going to say any more on the subject. I am inviting the Minister of Justice to illuminate this discussion by telling us just what has changed the policy of the Post Office Department.

Mr. PAUL MARTIN (Parliamentary Assistant to the Minister of Labour): Mr. Speaker, I think these amendments are certainly long overdue, particularly that one having to do with the inclusion of the words in the present section which provide that it is mandatory for a judge or magistrate to impose a sentence within the ambit of the phrase "or for any term not less than three years." This provision has called for amendment long before this. The hon. gentleman who has just spoken mentioned a case in the province of Ontario. Chief Justice Rose has given an *obiter dictum* to the effect that the magistrate has power to impose a suspended sentence, and

in one case in which I appeared two years ago a suspended sentence was granted in spite of the mandatory direction of the present section.

Mr. DIEFENBAKER: What was the nature of the offence?

Mr. MARTIN: The same kind of case. It was Rex v. Mallott. It is reported I think in the Ontario Weekly Notes, but I have not at hand the citation. The point I had particularly in mind was in reference to that part of section 364 to which no amendment is suggested. This reads:

> Every one is guilty of an indictable offence and liable to imprisonment for life who steals,
> (a) a post letter bag, etc.

As one who has had some experience at the bar I feel it my duty to register strong objection to this kind of provision, even though it may be an omnibus provision. I find it difficult to conceive of any kind of crime under paragraphs (a), (b), (c), or (d) which would justify a life sentence. It might be impossible to find a magistrate who would impose such a sentence, but any one who has practised at the bar knows that there are magistrates and magistrates. One does not know what might happen. There might be the restraining influence of the court of appeal, but I suggest that we should not permit the inclusion in any of these sections of a punishment which is out of keeping with the tempo of modern criminal jurisprudence. There was a time in the history of our law when we punished an individual with death for theft, but in this day and age I do not think we are going to correct crimes of this sort by leaving in the hands of an irresponsible magistrate the power to impose, if not a life sentence, anything like it for such offences. I think we should unhesitatingly remove the discretionary power which this present section provides so far as the maximum sentence is concerned.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I think the parliamentary assistant to the Minister of Labour (Mr. Martin), who has just spoken, has brought to the attention of the house a matter which deserves consideration and, if I may say so, the unanimous support of the house. I am not always able to support him as strongly as I can on this occasion, but I do not think we should pass this statute in the manner in which it now is and let an accused person who is convicted be liable for imprisonment for committing these crimes. Perhaps I had better read one of them to the house in order to impress upon hon. members the seriousness of the term which is imposed. The first crime is the theft of a post letter bag.

A post letter bag may not contain anything; it might be only an empty bag, because it does not state that it must contain something. If an employee of the Post Office Department were to pick up a bag and take it home, surely a magistrate should not have such extended jurisdiction as to permit him to impose life imprisonment. It might of course be properly said that a magistrate would not do that, but we have no right to grant that discretion.

This section indicates clearly the ridiculousness of some of these sections in this enlightened period of our national existence, and I support the parliamentary assistant to the Minister of Labour in his plea. It looks to me as though we are back in the old days when they used to hang men for putting their initials on London bridge. Those were supposed to be much darker days than what we are living in right now.

The postal employees generally are not an overpaid group of people, and I think it is bad to impose such a heavy penalty and make them liable to life imprisonment for what at best could be only a relatively small misdemeanour.

Mr. MARTIN: This is the section as it has stood for some time.

Mr. SPEAKER: May I point out that this discussion really belongs to the committee stage of the bill. We are now dealing with the principle of the bill. If you accept the principle, that does not mean that the bill cannot be altered by amendment in committee. If the principle is adopted, then the discussion now taking place could continue in committee.

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): Mr. Speaker, it is not by extending the term of imprisonment to which delinquents are sentenced that we shall necessarily prevent crime. I have more faith in preventive than in punitive justice. Of what avail is it to the authorities to imprison for life an individual who is guilty of an offence if no appropriate action is taken in penitentiary institutions for the rehabilitation of prisoners? The latter are not always hardened criminals, far from it. If a post office employee steals a letter, a parcel or even a post letter bag, why should he, except in the case of a confirmed criminal, be liable to life imprisonment? I consider the amendments to the criminal code which are proposed in this bill

as extremely severe; that is not preventive but punitive justice. The purpose of every piece of legislation, even in criminal matters, is both to improve the condition of individuals and to protect society. I believe that the proposed amendments go too far, at least as regards sections 1 and 2 of the bill, and I would rather see the criminal code remain as it is now.

Mr. A. W. ROEBUCK (Trinity): Mr. Speaker, the difficulty with passing the principle of this bill as it stands is that by implication we are approving the sections as they stand as amended. It is true that formally all we are doing is to approve the amendment, but when we approve the amendment we are approving by implication the code as it stands as amended. We should not pass this bill without some indication from the Minister of Justice (Mr. St. Laurent) that when it arrives in committee it will be amended to common sense. I have defended in court where there was a life sentence in prospect, and I wanted to tell the jury of that fact. There was a time in the courts of Ontario when judges ruled that you could not tell the jury what the limit of the penalty might be.

Mr. HANSON (York-Sunbury): Can you now?

Mr. ROEBUCK: Yes, you can. A number of us brought that about because we refused to submit to an arbitrary ruling of that kind. We held that the jury had a right to know the limit of the penalty that might be imposed by his lordship. We achieved that right in the courts of Ontario, the right to tell the jury that if you convict the accused of this offence the criminal code allows the imposition of a life sentence. Can you imagine twelve good, decent and humane men listening to a charge under one or another of these clauses against some poor individual who may have stolen some inconsequential amount, a man with a wife and family and so on, and facing the possibility of putting the man in gaol for life? The thing is ridiculous. It is so extreme, as the leader of the opposition (Mr. Graydon) has pointed out, as to be pernicious, and it should be changed. I congratulate the hon. member for Essex East (Mr. Martin) upon having brought this matter to our attention.

The penalties provided in the code should be reasonable, penalties suitable to the offence in the circumstances. I practised in the courts of Toronto many years ago and I actually saw the criminal law reformed by the juries of the county of York. We had a judge who was unduly severe, who handed out five and seven year sentences with a generosity that was appalling. In due season the juries refused to risk what he might do to the poor fellow in the dock. I saw juries bring in verdicts of not guilty when the prisoner was obviously guilty. Extenuating circumstances made incongruous the abuse which the judge was likely to inflict on him.

And so, too, with the code. You are going to have guilty men let off because of fear by juries of extreme, ridiculous and inhuman sentences. I commend the Minister of Justice for this amendment. I have had the experience of having some offender sent to prison for three years for an offence for which he should have been given three months, much to the regret of the magistrate, without the concurrence of the crown official, and certainly to the consternation of the man's friends and relatives and perhaps his wife and children. It is time that we gave magistrates the right to be reasonable. This we have denied them under the code as it now stands. Let us give them the right to be reasonable. Sometimes they may fail because of human limitations, but at least they should have the opportunity. This is good legislation.

I think some good purpose would be served by carrying out the suggestion made by the hon. member for Lake Centre (Mr. Diefenbaker) in having a more general review of the code, particularly of the sentences. The code sentences were adopted many, many years ago, long before we had reached the small degree of enlightenment which we now possess. What enlightenment we now have should be reflected in the criminal code. The Minister of Justice would be doing a public service if he could get a committee of many minds working on this subject in order that he might bring in at the next session a very much more extended series of amendments.

Mr. J. W. NOSEWORTHY (York South): Mr. Speaker, if a layman may be permitted to be so audacious as to take part in this debate between lawyers in a field where I think angels would naturally fear to tread, I should like to support the suggestions made by the leader of the opposition (Mr. Graydon), by the hon. member who has just taken his seat (Mr. Roebuck), and also the suggestion made by the hon. member for Essex East (Mr. Martin). I approve the withdrawal from the code of the minimum sentence formerly imposed. I agree with those who have spoken, that the amendment is in line with modern thought and practice.

I wish to register my opposition to the continued inclusion in the bill of the words "liable to imprisonment for life," which still gives the court the privilege of imposing a life

sentence as a possible sentence for the offences set out in paragraphs (a), (b), (c) and (d) of section 364 of the code.

While I am on my feet may I say that the whole nature of this bill serves to emphasize the responsibility which society places upon the employees of the Post Office Department, and the necessity that these employees should be people of character and integrity. I want to compliment the Post Office Department and its employees upon the degree of responsibility and integrity which has been manifested in that department in the past. I just wish to say that that degree of character and integrity required of the employees of the Post Office Department is in strong contrast with the reward which society, through that department and the government, has been willing to pay to these employees; and I would suggest that this bill, which in one instance at least imposes a severer penalty than the former one upon the employees for a certain type of offence be accompanied later, when the minister's estimates come up for consideration, with the announcement that these employees are to be duly rewarded in keeping with the responsibility which we place upon them.

Mr. A. G. SLAGHT (Parry Sound): I agree with the last speaker (Mr. Noseworthy) it is important that we should maintain in the public mind the necessity for the strictest probity in those who serve us in dealing with His Majesty's mail. There is an old tradition that His Majesty's mail must go through, and accompanying that is the tradition that that great arm of the public service, both the officers and the mail carriers, must comprise men of high integrity. In my view, in Canada these men are men of integrity. In my view, in the main, particularly as regards the carriers, they are underpaid. That is one of the problems not for to-day but for the future. If that be so, the frailty of human nature inclines men to err when tempted possibly in the matter of $2 or $5 which might be needed and which might cause them to break the country's laws.

Having said that, I desire to concur in the observations so well put by my hon. friend the member for Essex East (Mr. Martin), and I think the minister will find that they meet with the general approval of the house. I desire, Mr. Speaker, to adhere to your ruling to discuss the principle of the bill and not to speak as though we were in committee.

The principle of the bill is not such as the leader of the opposition (Mr. Graydon) suggested in error. He suggests that we are making a new start. We are not making a new start, because the section we are amending provides for imprisonment for life, but places a minimum of three years. So far as the principle of the bill removes that minimum of three years I think it is sound. In so far as it seeks to perpetuate the right to punish with life imprisonment, I do not think the principle is sound.

The administration of our criminal law is the very foundation of our national existence, without which we cannot hope to succeed, and that administration depends upon the observance of a principle which a great English judge once enunciated: Not only shall justice be done, but the people shall feel that justice is being done. Having regard to that principle, I am bold enough to make a suggestion to the minister who takes the keenest interest in these matters. By his equipment before accepting this responsible post, as well as by reason of his record, he is well fitted to stand in this great and responsible position as Minister of Justice, and I wish to pay tribute to his record in that regard, as well as to his record since he has occupied the position. I venture, however, to suggest to him that when he comes to the committee he might feel inclined to suggest an amendment to the section which deals with section 364 and to reduce the term of imprisonment there by striking out the words "for life" and substituting words such as "for not more than", let us say, "eight years", or "seven years" or "five years"—some punishment that fits the crime. I suggest that he amend section 2, which deals with section 365, by reducing the term from seven to perhaps five years. My suggestion would be—and I offer it with diffidence, because this is a very open matter—that he amend section 364 by reducing the penalty to not more than seven years, and that he reduce the penalty under section 365, which defines lesser offences, to one of imprisonment for not more than five years.

Mr. S. H. KNOWLES (Winnipeg North Centre): As the hon. member for Trinity (Mr. Roebuck) has suggested, it is difficult to identify in brief form the principle of this bill. Many hon. members who have spoken seem to have regarded the principle as relating only to changes in the penalties to be provided for offences on the part of postal employees. I would point out that there is also section 3, which would change the penalties provided in section 436 of the criminal code, which section has to do with defrauding the government by delivering to the armed services goods which do not measure up to the specifications laid down. In other words, the broad principle of the bill is that certain

changes be made with reference to the severity of sentences to be imposed, specifically in sections 364, 365 and 436 of the code.

The reason why I rise to say a few words is that, in my opinion, there is an inconsistency between the severity of the penalties allowable under sections 1 and 2 of the bill and the severity of the penalties allowable under section 3. A number of hon. members have pointed out that it would be possible, if this bill were passed in its present form, for a postal employee to be given a life sentence for the stealing of an empty postal bag. On the other hand, if a firm deliberately defrauds the government and the people of Canada, in the terms set out in section 3 of the bill, section 436 of the criminal code as amended would provide a maximum sentence of only seven years or a fine of $50,000 or both.

My interest in section 3 is related to certain remarks I have had occasion to make previously during this session with regard to the alleged defrauding of the government by certain bedding manufacturers. I have asked questions of ministers of certain departments and their parliamentary assistants, and there has been placed on *Hansard* information which would seem to indicate that such practices are in some cases being carried out. I refer to the failure of certain bedding companies, who are providing mattresses and other bedding products for the armed forces, to make those products in accordance with the specifications laid down by the government. Offences of that kind are covered by section 436, and the answer given me in one instance by the parliamentary assistant to the Minister of Munitions and Supply made it quite clear that at least one case is being proceeded with against a firm under this section. I have had strong representations made to me by parents and other relatives of members of the armed forces who learned that this kind of thing was being done. Not only is the government being defrauded but the health of persons in the services is being endangered in this way. I have taken this moment or two to refer in detail to this matter as one example of cases that come under section 436 of the criminal code. To my mind the offence I have mentioned is far more serious than the offences possible under paragraphs (a), (b), (c) and (d) of section 1 of this bill. Like some of the hon. members who have preceded me I feel that we have no option but to raise these questions on second reading because the principle that we are being asked to approve is the amending of the criminal code along the lines set out in the various sections. I wholly support the contention already made to the effect that a possible life sentence for the theft of an empty post letter bag should be reduced. I couple with that the suggestion—

Mr. BERTRAND (Laurier): But if the bag had a $100,000 in it, what then?

Mr. KNOWLES: In that case the judge would have the discretionary power to pass the appropriate sentence. The bill before us gives the judge the right to impose that very severe sentence even for a very light offence, and yet on the other hand, no matter how deliberate the action of a company in defrauding the government under section 436 of the criminal code may be, no matter how injurious it may be to the health of the people in the armed forces or to the health of our civilian population, the offence under the section even as amended by this bill cannot receive a greater punishment than imprisonment for seven years and a $50,000 fine. My contention is that the element of fraud in section 436 and the injurious effects upon health are so much worse than some of the offences under section 364 of the criminal code that there should be an alteration in the provisions of this bill. Like others who have spoken, I feel that there should be a lessening of the severity so far as sections 1 and 2 are concerned, but I contend also that there should be an increase in the severity so far as section 3 is concerned.

Hon. L. S. ST. LAURENT (Minister of Justice): I think I should deal very briefly with some of the general observations that have been made with respect to this bill to amend the criminal code to provide for better administration of criminal justice.

The suggestion is made that there should be a provision dealing with mandatory sentences, removing the obligation to impose capital punishment in all cases of verdicts of murder. There may be very good reasons to urge for the limited extent of the removal which has been enacted in the parliament of the United Kingdom for that kingdom.

Mr. DIEFENBAKER: That is as far as I went.

Mr. ST. LAURENT: I gathered that that was as far as the hon. member for Lake Centre was recommending that we should go. Beyond that I think it is preferable, so long as capital

punishment is to remain one of the punishments provided by our law, to have it mandatory, and not leave it the responsibility of the presiding justice in certain cases to feel bound to impose capital punishment and in other cases to have the privilege of not doing so. I think that for the cases in which parliament decides that capital punishment is the right penalty the provision of the code should be mandatory as it is at the present time. With respect to the limited removal recommended by the hon. member for Lake Centre I think that is a matter which would receive serious consideration from the kind of committee that the hon. member recommended be set up to consider the whole matter of the criminal code and to take the evidence of jurists, scientists and penologists on such improvements as it may be proper to bring about. Were the times not such as they are—I am not at all sure that I would be here then, but if I were I would be very much inclined to recommend, as the hon. member has done, the setting up of a committee and its operation in an active way. On the whole I think it is preferable to leave that over until the times are more propitious than they are just now, and in view of the news we have been receiving from the theatres of war let us hope that such times will not be too far distant.

The second recommendation of the hon. member would have to do with the enlarging of the possibilities of appeal in criminal cases to the Supreme Court of Canada. I think that would also be a matter upon which it would be of value to parliament to have the recommendations of the kind of committee suggested by the hon. member. As hon. members know, there is now the possibility of appealing to the supreme court whenever there is a conflict of decisions between the appeal courts of two or more of the Canadian provinces. That has served a very useful purpose in bringing into harmony the application of the code throughout the whole of Canada. It is possible that in perhaps not all criminal cases, but in a certain range there should be, without the necessity of obtaining leave and showing special circumstances, the right to take the opinion of the Supreme Court of Canada. Where the line would properly be drawn is a matter that has to be carefully considered. At the present time the line is drawn between decisions which conflict with those of the appeal court of another province and those that do not. If the line is to be moved I think it should be carefully considered as to where it would be set up again. It would be useful for parliament to have report of a committee that would have taken the evidence of jurists and others qualified to offer opinions of value upon such matters.

The next suggestion has to do with something about which I am sure every hon. member of this house and most of the Canadian people, though they are not in this house, are in agreement; that is, the desire to see our penal system developed in such a way as will make not merely for punishment but for reform. It has been stated on more than one occasion since the beginning of the war that the recommendations of the Archambault commission could not be fully implemented without the provision of large capital expenditures for the establishment of new institutions. However, I believe we can join the hon. member in saying that in the recommendations of that commission there is much, even though it requires considerable capital expenditure, which should be undertaken as soon as circumstances permit.

Another suggestion had to do with the controversial question of whether or not a man convicted and sentenced to a term which would have to be served in a penitentiary should be removed to that institution before the expiration of the time during which an appeal could be entered. The matter was brought to a head by incidents which occurred in the Toronto gaol within recent weeks. Only this week the officers of the Department of Justice had conferences with the mayor of Toronto in reference to the situation which exists in that city. That suggestion would entail serious inconveniences. Just as an indication of these, supposing a man convicted in Kenora and brought to Kingston desired to appeal. His counsel in Kenora would find himself seriously handicapped by the fact that his client had been moved to Kingston.

There is also this further point. Up to the present time the penitentiaries have been organized for the purpose of carrying out sentences which involve hard labour. I submit with respect, Mr. Speaker, that it is not proper to impose any punishment upon a person until he definitely has been found guilty and subject to such punishment. During the time his case is before the courts for consideration it is proper, for the protection of society, that he be confined; but I think it would be improper to impose any other part of the punishment until the case is finally disposed of. If the suggestion were adopted we would require to have two departments in our penitentiaries, one in which there would be merely confinement, and the other, which exists at the

present time, for the serving of time at hard labour. That is an objection which was suggested to the mayor of Toronto. There are other inconvenient features, but the matter is now actively under consideration. In the meantime another suggestion within the powers of other authorities was made for the purpose of remedying the deficiencies which are so apparent in the Don gaol.

On more than one occasion the hon. member for Broadview (Mr. Church) has indicated his great concern over the number of serious or fatal highway accidents owing to motor traffic throughout Canada. I have obtained for him some statistical information, but I did not expect to have the matter discussed here to-day, and I note that the hon. member said he would refer to the matter and ask for the information when the estimates of the Department of Justice were being considered. In respect of the appeal to the superior courts of Quebec from summary convictions the hon. member suggested that we may have too many high court judges in Quebec. On that point I shall be able to show the hon. member the per capita cost for the indemnification of judges in each province; and he will find that, since there are no county courts in Quebec to which federal judges are appointed, the per capita cost for the indemnification of judges there is rather lower than elsewhere. I can also assure the hon. gentleman that the recommendations made by the chief constables' association with respect to the administration of the criminal code are always received very gratefully and considered very carefully, because it is realized that they, with the officers of my department, have a common concern in maintaining peace, order and good government in the country.

There remains the question submitted by the hon. member for York-Sunbury (Mr. Hanson) as to the reasons for the change in attitude on the part of the Post Office Department with respect to the severity of sentences provided by the criminal code. Of course the hon. member is quite right in thinking that the Department of Justice would not have suggested this change if it had not originated with the Post Office Department or at least been concurred in by the officers of that department. Since the beginning of the war the situation that has arisen in the operation of the post office is rather different from that which existed prior to the war. Before the war the work of the Post Office Department was generally done by permanent employees. Since the war started it has not been possible to select and enrol a sufficient number of permanent employees to do all the work that had to be done, and temporary employees have been taken on; married women, minors and others who did not have the training or experience of the normal permanent staff of the Post Office Department. That created a new situation. You went before the court with some incident attributable to one of these temporary employees and charged that person with an offence which carried a minimum penitentiary sentence of three years and a maximum sentence of life. When you asked the jury to convict, the jury would say, "That person has not done anything deserving of a sentence of three years in the penitentiary as a minimum or life as a maximum. He may have gone through the motions, but parliament did not intend the sort of thing he has done to be the crime for which a minimum of three years or a maximum of life is provided." The result was that it became very difficult to obtain convictions.

The question has arisen as to whether there could be a suspended sentence. I think both the hon. member for Essex East (Mr. Martin) and the hon. member for York-Sunbury are entirely correct. Legally there could be a suspended sentence, as section 1081 provides, if counsel representing the crown consented; but most frequently counsel representing the crown took the attitude that, parliament having provided a minimum of three years, it was not within his right to consent to anything less than three years' imprisonment. In most cases counsel representing the crown would say, "I have no right to give my consent," and without that consent the court could not suspend sentence. It may have happened in certain cases that counsel for the crown took a different view, and would say, "Well, here I have the choice between not getting a conviction and getting a conviction on the understanding that I will agree that this man will not go to a penitentiary for three years."

Mr. MARTIN: That was the occurrence in the case about which I spoke.

Mr. ST. LAURENT: That may have happened, in exceptional cases; but the general attitude of crown counsel was that, parliament having said that the minimum punishment would be three years, they had no power to agree to suspended sentence.

Mr. HANSON (York-Sunbury): I think the magistrate took that view himself, in the case to which I refer.

Mr. ST. LAURENT: I suppose the magistrate would probably say to counsel, "It does not seem proper that you should give consent, when parliament has stated that the minimum

penalty will be three years' imprisonment." But parliament had provided that a magistrate could suspend sentence if counsel for the crown agreed to its being suspended. Those are the terms of section 1081. It is stated that if a maximum punishment is less than two years, the magistrate may suspend sentence without consent. If the offence is one which involves a possible punishment of more than two years' imprisonment, the magistrate could suspend sentence only with the consent of counsel representing the crown.

Mr. HANSON (York-Sunbury): That is correct.

Mr. ST. LAURENT: I think the reasons I have given will probably satisfy the hon. member for York-Sunbury.

Mr. HANSON (York-Sunbury): I am not controverting it.

Mr. ST. LAURENT: It is not a general reversal of the policy that the mails ought to be regarded as sacred.

Mr. HANSON (York-Sunbury): That still stands.

Mr. ST. LAURENT: Yes. That still stands; and we know that great precautions are taken to ensure the delivery of the mails. The necessity of taking on so many temporary employees, frequently minors, and the possibility of their committing small offences in respect of the mails, made it desirable to have machinery whereby some punishment could be imposed. That is so, because in most cases one would not get any punishment at all, with the statute as it stood. A jury would almost invariably say, "This person has not done the thing for which parliament provided a minimum punishment of three years. What he has done is not something of that kind. Therefore we will not find him guilty, when he is being accused of something for which parliament has provided such a severe penalty."

Then, in the administration of the department, there was very great reluctance to institute proceedings when a matter did not appear to be of a degree of importance sufficient to imprison a man for three years in a penitentiary. And, having a class of persons quite different from the class of permanent civil employees who usually handle the mails, it was necessary to have a more flexible type of machinery to deal with this new class.

If the house accepts the amendment, the new procedure will be in operation, and experience will show whether this step has been wise or otherwise. When the service gets back to the place where it will no longer have anything but its regular permanent staff, there may be reason for establishing some rule other than the one now suggested.

As to the details of the bill, and without giving any undertaking to accept amendments, I think it would be preferable if the discussion of such amendments were had in the committee stage.

Mr. HANSON (York-Sunbury): That is agreeable to us.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Bradette in the chair.

On section 1—Punishment of theft.

Mr. HANSON (York-Sunbury): I think we ought to have an explanation of the point raised by the hon. member for Essex East. It was one which I intended to raise, but about which I had forgotten for the moment.

Mr. ST. LAURENT: Mr. Chairman, first of all I would point out that, as has been suggested, this is merely the maximum penalty which can be imposed, and that section 1054 provides:

> Every one who is liable to imprisonment for life or for any term of years, or other term, may be sentenced to imprisonment for any shorter term.

So that even under this, the punishment imposed by a magistrate might be one day or thirty days or thirty years or life. The discretion is entirely in the hands of the magistrate. The suggestion has been made that it is quite improper to have in this kind of section the suggestion that there might be something sufficiently grave falling under the section to warrant life imprisonment. I submit that that is not so, in fact. Those of us in the house who are older than most members will recall the sensations mail robberies used to create. I remember not so many years ago an armed mail robbery of a mail car on the Ocean Limited, perpetrated some miles below Quebec city. That offence resulted in charges of murder, because homicide did occur in carrying out the project of stealing from the mails. I am not suggesting that there could not be framed an indictment under some other section of the code that would apply. But here—

Mr. HANSON (York-Sunbury): Probably would apply.

Mr. ST. LAURENT: Robbery might be made to apply. But one can conceive of thefts of mail bags and mailed matter under conditions of gravity sufficient to call for the most severe kind of penalty, short of the death sentence. This comes down from the very first drafting of the code, about fifty-odd years

ago. At that time mail robberies were grave incidents which were still lingering in the minds of people on the north American continent. The offence of thieving from the mails could be anything from what is done—even done at the present time—by way of abstracting a few stamps, a dollar bill or some other small item from a letter, to the old-time mail robbery. The provision here may appear to be out of line, but as hon. members know, the maximum penalty for robbery is life, and that sentence may be accompanied by lashes. This is only a possible life sentence.

Mr. HANSON (York-Sunbury): This is a relic of the old days.

Mr. ST. LAURENT: I think our whole criminal code is a relic of the ten commandments, expanded to different degrees. I think the removal of any minimum will permit satisfactory administration of justice for the time being. There is no doubt that there are sections of the code where there is not a proper balance between the penalties provided. When the parliamentary committee, to which both the hon. member for Lake Centre and myself are looking forward, is established it can go over the whole situation. There is no doubt that a serious effort will be made to have a more uniform scale of penalties throughout the code, but it was felt in the department that for the time being we should merely suggest such amendments as are required for immediate application.

The removal of this minimum is something required for immediate application and the increasing of the severity of the penalty in the other section is of immediate application. We were dealing with things which it was felt in the department should go into force at once. We were not looking forward to bringing about piecemeal a more perfect general instrument to deal with those unfortunates who fall by the wayside and stray from the straight and narrow path.

Mr. HANSON (York-Sunbury): It seems to me that what the minister has just said in his closing sentences is that the Department of Justice is recommending an expedient to parliament to serve a situation which has arisen at the moment and which requires attention. I am not going to quarrel with that, but I do say that the ameliorating of the minimum sentence is entirely out of balance with the retention of the life imprisonment in the early part of section 364 of the criminal code. Having regard to the lack of balance between what he is doing, on the one hand, and what is being suggested by the hon. member for Essex East, on the other, the minister ought to give consideration to this matter. It seems to me that the two things are incompatible; they are out of balance.

Mr. KINLEY: You are taking away from the one side.

Mr. HANSON (York-Sunbury): As the hon. member for Queens-Lunenburg says, you are taking away on the one side and you are retaining an inflexible provision or scale of punishment on the other.

Mr. ST. LAURENT: Not inflexible.

Mr. HANSON (York-Sunbury): It is not exactly inflexible, but the minister is maintaining a tremendously high penalty for what after all, as he himself suggests, may be a minor offence. I am not going to labour the point. This has been recommended by other hon. members and I do think the minister might well withdraw the bill and give the matter some consideration for another day. I do not want to hold up the bill. The minister should give us some explanation as to why the penalty is being raised in the next section.

Mr. ST. LAURENT: I will do that when we reach the section.

Mr. HANSON (York-Sunbury): I make that suggestion in the utmost good faith. I have been impressed by the argument made by the hon. member for Essex East. I should have made it myself, and I really had it marked down. The two things seem to be out of line. We are relieving on the one hand, but we are not relieving the maximum on the other.

Mr. ST. LAURENT: The unbalanced position might be looked upon as important in this section, but if the hon. member will turn to section 358 he will find provision for a penalty of fourteen years for simple theft. If we are to have a balanced scale we shall have to go through the whole code. That is something that should be done at a relatively early day, and I am hopeful that whoever sits in this seat when the war is over will consider the suggestion which has been advanced this afternoon as to the manner of doing it as the right way to go about it. I I hope that both my hon. friend and myself will have occasion to practise before the courts when a code so improved is being applied. The fact that the maximum remains will not create any immediate difficulty in the administration of justice.

Mr. HANSON (York-Sunbury): It is theoretical.

Mr. NOSEWORTHY: What effect would the omission of the words "for life" have upon administration?

Mr. ST. LAURENT: If a maximum is not provided, the magistrate could not impose any imprisonment. If we eliminated the words "for life" the imprisonment that could be imposed could not go beyond one second. It would just be a technical imprisonment and the sentence would be served just as soon as it had begun.

Mr. HANSON (York-Sunbury): It would be void for uncertainty.

Mr. KINLEY: The hon. member for York-Sunbury referred to me. As a lay member of the house I have been listening to the interesting discussion and it occurs to me that by the removal of the minimum penalty you are making the statute more drastic in effect. You have within the bracket a high penalty and a low penalty. In this case the supreme penalty is life and the minimum penalty is three years. If you take away the minimum penalty of three years, what will the impression be upon the courts when they see the new statute which contains no reference to a minimum penalty? If a sentence of only two years or one year is imposed, the public may say, "What kind of judge is that? He gives only one or two years when the statute says that a life penalty may be imposed."

Mr. HANSON (York-Sunbury): That is not correct. The statute does not say what penalty the judge shall give; it simply states that the maximum penalty is life.

Mr. KINLEY: The statute says that it may be life. That indicates what this parliament thinks of the offence, and it would appear in the statute without any qualification. At the present time there is a qualification, and it seems to me that when you leave only the high bracket you create a condition which makes the law more drastic.

Section agreed to.

On section 2—Penalty.

Mr. ST. LAURENT: I promised the hon. member that I would give the reason for increasing the penalty in this section. This is done because it has been found that the importance of contracts is frequently such that the former penalty was entirely out of proportion with the amount involved in the transaction. Some of these transactions run into large sums of money and it was felt that the penalty was not in proportion with what might be involved in cases such as the one mentioned by the hon. member for Winnipeg North Centre (Mr. Knowles). That case is before the courts and the contract involved there is for amounts for which the former penalties were entirely out of proportion. The situation with respect to such frauds is not that the penalty provided by the criminal code is the only redress because there is redress in collecting from the accused person or firm moneys improperly received.

Mr. HANSON (York-Sunbury): Restitution.

Mr. ST. LAURENT: Yes. This is in addition to whatever civil debt may arise out of the fraud that has been perpetrated. The amount was suggested and it impresses me as being quite substantial as a penalty. The penalty is seven years in the penitentiary or a $50,000 fine or both. That gives the court some latitude to show its appreciation of the gravity of the offence. We have had cases under the wartime prices and trade board regulations where fines of $25 and fines of $25,000 have been imposed by courts of the same jurisdiction, thereby indicating their appreciation of the scale of gravity of the offence committed. In these matters which involve financial gains the monetary penalties sometimes have to be considerable to have any deterrent effect.

Mr. HANSON (York-Sunbury): That I think is true with respect to criminal acts. May I point out that offences under the wartime prices and trade board are *mala prohibita* and are not in the same category as *mala in se*. There is a great difference between the two kinds of acts. But we are here dealing with an offence in itself. The other is merely an offence against what is an arbitrary restriction on the rights of citizens. You cannot make a comparison between the two.

Mr. ST. LAURENT: There are cases which can be compared, as I think the hon. member will recognize; for instance, the dodges that are resorted to in black marketing gasoline; the printing of false ration coupons, and other rackets that are resorted to for obtaining sugar, for instance, or some other commodity in excess of the quota to which one is entitled; getting out of a coupon bank coupons which have been used but not destroyed, and selling them. There are things of that kind which impress the courts before which the facts are proved as being rackets that have to be severely stamped upon.

Mr. KNOWLES: The case to which I was referring and to which the minister has alluded may turn out to have some connection with the wartime prices and trade board or the Commodity Prices Stabilization Corporation,

but I would point out that it is the Department of Munitions and Supply which has laid the charge. The charge is that this firm knowingly sold to the government material which did not measure up to the specifications laid down. I would emphasize the gravity of that kind of offence. I pointed out previously that charges have been laid in connection with the manufacture of bedding which was supposed to have been made from new material or material guaranteed to be safe so far as health is concerned, but the charge is that the material was second-hand and not clean. This is an offence endangering the health of the members of the armed forces as well as defrauding the government and endeavouring to make unusual profits, if the charges are substantiated, out of the war situation. I agree wholly with the Minister of Justice that the penalty in such a case should be severe.

Mr. GRAYDON: Is that case before the courts?

Mr. KNOWLES: Yes, it is; at least that is the information we have been given in the house. I agree with the minister that the penalties provided by way of the amendment are substantial as compared with the former penalties. But the contention that I was making on second reading was that even the new penalties are not substantial as compared with a possible life sentence for certain postal offences. I accept the explanation, in part at least, which the minister has given in connection with section 1, but it seems to me that he still has to explain why there cannot be at least an equally severe penalty under section 3. My contention is—following the minister's argument in connection with section 1—that there may be cases of defrauding the government, such as the one to which I have referred, which are flagrant enough to call for a life sentence, but under the amendment a sentence greater than seven years and a fine of $50,000 would not be permitted. The point I am trying to make is that the penalty under section 3 is light in comparison with the penalty under section 1.

Mr. ST. LAURENT: The hon. member will agree that if he and I were redrafting the provisions that apply to simple theft, or to theft with various aggravating circumstances, we should find that the penalties which the code provides rather severe and we would probably be recommending a scale quite different from the one that is at present in effect.

Mr. KNOWLES: Certainly, and a better balanced scale.

Section agreed to.

On section 3—Fraud, etc., in connection with sale, etc., of military stores.

Mr. KNOWLES: This clause relates to section 436 of the criminal code. Suppose it be found that a firm has applied for and received subsidies from the Commodity Prices Stabilization Corporation and that the application for these subsidies was of a fraudulent nature, could a charge be laid against that firm under this section, or would that come somewhere else?

Mr. ST. LAURENT: I would imagine, on the hypothesis stated by the hon. gentleman, that a crown prosecutor would be apt to bring an indictment for obtaining under false pretences.

Mr. GRAYDON: Have there been any such cases?

Mr. ST. LAURENT: I do not know of any case of subsidies having been obtained under false representation. There has been no request to the Department of Justice to select agents to prosecute any such claim.

Mr. KNOWLES: Just to have the record clear, and in reply to the leader of the opposition, may I say that I have been asking questions both on the war appropriation resolution and on the order paper relating to matters of this kind. The final answers have not been given, but it appears that the Commodity Prices Stabilization Corporation is having some difficulty with some firms over this very kind of thing. I have stated before that I feel it is the kind of thing which should be run down, despite the dislike of my hon. friend for its set-up, by the war expenditures committee—

Mr. GRAYDON: What good would it do to bring the case before the war expenditures committee?

Mr. KNOWLES: Some good could be done if members of the official opposition would join in the work of the committee.

Mr. ST. LAURENT: There may very well have been cases instituted that would not be brought directly to our attention, because there are instances in which these boards have obtained the appointment of counsel to handle all their cases, and they do not have to come to us for special counsel. We would not be advised of the individual cases where they had their own counsel appointed. But there has been no application for the appointment of an agent to prosecute for the return of subsidies improperly paid out.

Mr. REID: Following the conclusion of the war, what will be the effect of this clause on the War Assets Corporation? There will be

machinery and equipment which may be known to be defective and which will be sold both perhaps to servants of the crown and, following that, to the public. It occurs to me that there will be a good deal of machinery that may be perfect and a good deal that will be imperfect, and there will be many transactions on the part of firms, the crown and the public. It may be known by both parties to a transaction that the machinery is defective. Has that been considered, or will this clause have any effect in that regard?

Mr. ST. LAURENT: This clause relates merely to the delivery of stores to the crown and would not have any application at all to the delivery of stores by the crown to purchasers in the provinces.

Mr. HAZEN: My criticism of this section is that the penalty provided is not nearly severe enough. I can readily conceive of a case where a contractor would supply to the navy or the army stores, munitions and so on which were most defective, resulting in the loss of life of members of the armed forces. In such a case, to provide a penalty of seven years for such a defect is to impose a penalty that in my opinion is not adequate. If I were redrafting the section I would make the penalty much severer.

Mr. GRAYDON: There is certainly a considerable difference between certain cases that have been mentioned and delivering and disposing of defective goods to His Majesty whether in the right of one department to another, where perhaps the life of members of the forces might be lost by reason of defect. The sentence of seven years which is mentioned in this particular section is considerably out of line with life imprisonment for stealing an empty mail bag.

Section agreed to.

On section 4.

Mr. DORION: I would point out that in amending this section we should also amend two other sections. If they are left as they are they will create confusion. The first is 580, subsection 2 of which deals with appeals and the adjournment of appeals when there is no sitting of the court; and the second is section 750, which deals with sittings of the court. In Quebec and Montreal, I understand that the superior court sits every day. I should like to know how this will work with the new amendments to section 749. I believe that in Quebec and Montreal there are no proper sittings of the court because the court sits every day. How will this work with the new amendment?

[Mr. Reid.]

Mr. ST. LAURENT: Which is the last section referred to?

Mr. DORION: It is section 750.

Mr. ST. LAURENT: I do not think there should be any difficulty under our section 750. The court sits every day from September 10 or 12 until December 20, and again from January 7 or 8 until June 20, and these appeals could be set down for hearing on any of the days upon which the court sits. If there is any concordant amendment required to correct the anomaly of leaving the words "court of king's bench" in section 540, that will be looked into. I thank the hon. member for bringing the point to my attention.

Section agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

FISHERIES

69. Departmental administration, $151,660.

Item agreed to.

70. Fisheries inspection, including fishery officers and guardians, fisheries patrol and protection services, $908,700.

Mr. ROSS (St. Paul's): What is the reason for the increase of $63,300?

Hon. ERNEST BERTRAND (Minister of Fisheries): The increase is due for the most part to a larger number of employees. We are establishing inspection laboratories in the maritime provinces; and that is the main reason why there is an increase of $63,000, and we have employed a few more men this year.

Mr. ROSS (St. Paul's): How far does the jurisdiction of the federal fisheries department extend? Does it take in the great lakes as well as the oceans?

Mr. BERTRAND (Laurier): This question has been discussed before the privy council at least three times. The final decision placed fisheries under the jurisdiction of the federal government. The federal government has arrived at a decision with Ontario and Quebec to administer the regulations and laws passed by the government at Ottawa. So far as the other provinces are concerned the federal government administers all fisheries except sport fishing, but the regulations are still passed by the federal government.

Mr. HAZEN: There are two matters I should like to bring to the attention of the minister. The first is, by bill No. 91 we are

amending the Bank Act. Section 88 as amended contains a provision in paragraph (i) of subsection 1 to provide for loans to fishermen. This subsection is for the purpose of making credit more available to fishermen by empowering the banks to take security on fish, fishing equipment and supplies, and fishing vessels. The proposed new paragraph is necessary to enable the banks to assist in a general programme for the development of the fishing industry. There is a similar provision to this to assist the farmers; but in order to assist the farmers and as a supplement a bill called the Farm Improvement Loan Act has been introduced in this house. No similar bill has been introduced in this house to assist the fishermen, and to supplement the amendment to the Bank Act in order that the fishermen may be enabled to get loans at a much lower rate of interest than they formerly had to pay. I know the minister is interested in the welfare of the fishermen. We have about thirty thousand men engaged in the fishing industry in the maritime provinces. They with their families make up about one-sixth of the population of those provinces. Would the minister keep that matter in mind and use his influence to have a bill similar to the Farm Improvement Loan Act introduced by the government to assist the fishermen of not only the maritime provinces but all other parts of Canada?

I also call his attention to the fact that we have been informed that legislation is to be introduced to put a floor under prices of staple farm products. If the government is to introduce legislation of that kind it seems to me that it will only be right and proper for the fishermen throughout Canada to have similar legislation passed to enable them to have a floor under their products. I call that to the minister's attention and ask him if he will be so kind as to keep it in mind and endeavour to have legislation of that kind passed to assist the fishermen of Canada?

Mr. BERTRAND (Laurier): Both of these problems are being studied very carefully in the department at the present time. With regard to the loan act, we have an economist in the field who is studying the situation and conditions, and we may arrive at the conclusion that we should have a similar measure for the fishermen. As the hon. member knows we have been asked to act in conjunction with the government of Nova Scotia. We have passed an order in council providing for a subsidy for dragger boats and long-liner boats. I cannot give all the particulars of the correspondence at the moment since we are not through yet. We have not arrived at a final decision, but we are studying the problem.

As to the stable price it might be a more difficult question than that with regard to agricultural products, because quality counts much more in fish products than it does in agricultural products. The price of good fresh fish which is landed and brought on the market fresh is not such a problem, because the fish sells very easily. One of the great difficulties in the industry is to bring the product on the market in the best possible condition. This market may be in Montreal or at some other place. Then we export a great deal of our product and we have to be very careful in setting a stable price. But we are studying the question to-day and giving a great deal of attention to it.

Mr. HAZEN: It may be very difficult to arrive at the proper form of legislation, but it is of much importance, perhaps of greater importance to the fishermen to have a floor price set on their products than it is to the farmers to have one set on theirs. I know that in New Brunswick the fishermen had a difficult time prior to the war. They found it very hard to make a living, and so far as they are concerned it is much more important that there be legislation of this kind enacted for their benefit than for the farmers. That is only natural.

Item agreed to.

71. Building fishways and clearing rivers, $7,000.

Mr. GRAYDON: I have a matter I should like to bring up, but I do not know whether or not this is the proper item. I am afraid this is not the item. I wish to ask a question about the position and development and relationship between the provincial government and the dominion government with respect to the Gorton Pew processing plant at Caraquet, New Brunswick. Perhaps I should bring it up under another item.

Mr. BLACKMORE: What fishways are being constructed at the present time? On what fishways will this money be spent in 1944?

Mr. BERTRAND (Laurier): We are not building any fishways at the present time. This amount of $7,000 is only to keep in good condition the fishways we have, and to pay the employees we have there. We are preparing a programme for the post-war period; as a matter of fact an order in council has been passed under which we are asking for

$1,000,000 for just one fishway at Hell's Gate on the Fraser river, and I intend to give a detailed explanation later on, when we come to that item.

Mr. BLACKMORE: What rivers are being cleared, or on what rivers is this money to be spent in maintaining the personnel for clearing?

Mr. BERTRAND (Laurier): This amount of $7,000 is only for maintenance. If a freshet occurs and logs come down and block a river, we must spend a certain amount of money in order to clear the river immediately so that the fish may go up and spawn. This is the amount required for that work.

Mr. BLACKMORE: I am interested in learning just what fishways are involved here, and what rivers; there must be two or three or four. What are they, and where?

Mr. BERTRAND (Laurier): This money is spent mainly in British Columbia; on the tributaries to the Skeena river, for example, wherever the current is very strong and there is danger of logs accumulating at certain places. The tributaries of the Skeena and some of the tributaries of the Fraser are the rivers where we spend this money.

Mr. BLACKMORE: It strikes me that the sum of money is inadequate to maintain anything like an effective force operating over any considerable area. I should think more than $7,000 would be required for the whole dominion.

Mr. BERTRAND (Laurier): This amount is not for the building of fishways or anything like that; it is just for the maintenance of rivers where accumulations of logs may block the run of fish.

Mr. BLACKMORE: My point is that $7,000 is hardly sufficient to maintain more than four or five men.

Mr. BERTRAND (Laurier): They do not work all the time. We pay them what we should, but we do not pay more than we should, and it comes to about that amount.

Mr. BLACKMORE: What official of the department is in charge of this work? Who determines when to hire men, and whom does he hire? Where does he get them, and how much does he have to pay them?

Mr. BERTRAND (Laurier): This work is done under the departmental engineer here in Ottawa. If the hon. member wants the details in connection with this amount I can get them for him to-morrow, but at the moment I cannot remember all these small amounts.

Mr. BLACKMORE: I do not wish to delay the item, but it strikes me that $7,000 is a very small sum if any considerable number of fishways are involved.

Mr. BERTRAND (Laurier): It is a small sum, I admit, but at present we do not need any more than that for this purpose.

Mr. BLACKMORE: Well, I should like the details, in order to satisfy my mind on this matter.

Mr. KNOWLES: A moment ago the minister indicated that there was another item somewhere. Would he indicate where it is? As a matter of fact this amount of $7,000 is broken down on page 82 of the estimates, and it would appear to cover only wages, cost of living bonuses, travelling expenses and sundries.

Mr. BERTRAND (Laurier): The other item is 83, on the next page.

Mr. NEILL: I was glad to hear the minister say that this item was not bigger, because this gives him all the money needed for this purpose. I shall recall those words to the minister perhaps later on, after the house adjourns and the department gets down to doing some of this work.

This is a rather complicated matter. One hon. member spoke about another item, and there are other items. There is one dealing with the Fraser river on a big scale. The matters dealt with under this item are not very large in themselves; they consist merely of taking out a log jam which has prevented the salmon from getting up a creek. However, there is a sort of by-product of this sort of work which causes a great deal of trouble. The primary purpose of the work, of course, is to enable the fish to get up the river, but I think the officials of the fisheries department in British Columbia are a little too prone to stick to the strict letter of the law and say that as long as they let the fish go up they do do not care at all what occurs in consequence of their actions. That is not the view taken by the people who suffer. I can think of several instances where, in all good faith, the fisheries department has spent a sum of money in clearing out a river or in taking out a log jam. The fish got up; there is no question about that, and then the department just washed their hands of it. The result was not so good for the people whose land adjoined the stream, for the removal of a log jam might set the current in a different direction, which might cause erosion and take away part of a man's farm. The fisheries department

would say, "Our sole responsibility is in letting the fish get up. If the fish get up we do not care what happens to you or what hardship you must suffer." The more equitable-minded members of the department sometimes do admit that they have at least a moral obligation; that if in their endeavour to make a runway for the fish they do some harm, they also have some responsibility. The minister's deputy will recall that some years ago there was an awful fuss up on the Salmon river arising from something like that. The department stuck by the letter of the law and said that they did not care what damage they occasioned, that the people concerned could go to the province for redress. I do not think that was fair.

I have in mind a matter that I should like the minister to say he will look after under this item of $7,000. It is in connection with Rosewell creek. As far back as I can remember being in politics there has been a fuss about that. The fisheries department did some work; they cleaned out a log jam. That set the current in a different direction and ruined a man's farm; at least it is rapidly going down the river. Naturally he objects, and I think there is at least a moral obligation upon the department to do something in that case. Attempts were made in a rather petty way to repair the damage, but no genuine effort was made to deal with the situation, which will have to be faced sooner or later if we are to be fair to those people. It is of no use going to the province; they simply say, "We did not do the work and we do not care what happens, as long as a bridge or a public highway is not interfered with." This Rosewell creek matter has been dragging on for years. On one occasion the operation resulted in the formation of a large gravel bar. The water, ashamed of itself, went underground for a quarter of a mile or something like that. That did not make it very comfortable for the fish or very good for the farmer whose land helped make up the gravel bar. Now the minister says that he has plenty of money under this item and does not need any more, so that I should like an assurance from him that the situation at Rosewell creek will be dealt with adequately out of this vote. I can assure the minister that there is only one way to do it—and it is a simple way—and that is to straighten things up. Until this is done he and his successors will be beset with this thing. It has really been a very bad deal for the man who bought land in good faith, and encouraged the developing of his country. Now he finds that the best of his land—delta land—because it is always the best of it—goes down the river.

I hope the minister will be good enough to give some assurance that he will do something more than theorize in respect of this situation. This is really a sore point, and I should like to hear from him in that regard.

Mr. BERTRAND (Laurier): There are two ways of looking at these things. As Minister of Fisheries, and as a man who has followed the legal profession, if there is a jam on a river caused by logs brought down by a freshet, then we might be responsible if, in removing this jam, we caused damage. If damage is caused by the flow of water, or even by a jam that we are trying to destroy, we cannot be held responsible. That is a question of common law.

Mr. NEILL: Would the minister allow me to make an observation? He says he is not responsible. If his officials had left the jam there, there would not be any harm.

Mr. BERTRAND (Laurier): That is what I say. I am not speaking of Rosewell creek in particular; rather I am speaking generally. Damage might be caused by the flow of water. Erosion might be caused by the natural flow of water, or by logs coming down from the mountains. Or damage might be caused by depositing gravel on a good agricultural piece of land.

If we were undertaking to pay damages in all these cases we would be going very far. If that were so, any farmers around the St. Lawrence river could come each spring and ask us to pay damages because the water had gone too high, and had caused erosion here and there.

However, I may assure my hon. friend that if any damage is caused by our work we will look for the cause, and recommend that proper damages be paid. But I do not think it will be paid through my department. It will have, first of all, to pass the Minister of Justice. My officials cannot decide whether or not the government is responsible. I can make recommendations according to what my officials say.

So far as Rosewell creek is concerned, I would ask my officials to make another inquiry—although I understand inquiries were made previously before I came to the department.

Mr. NEILL: I thank the minister for his viewpoint. But he is entirely mistaken if he thinks that I, or anyone else, would be so foolish as to ask his department to pay out something, or to pay damages, unless his department were responsible. We all know what the law is in regard to these matters. We would not present our cases, if we did not know where the responsibility was. But this

is a case—and there are others—where damage was clearly done because of the action of the Department of Fisheries. Had the department left things alone, no harm would have been done. But they went in, in order to make a way for the salmon, and caused certain changes, which resulted in letting the salmon get by. It does not matter what those changes were. It was in consequence of the work that these men are suffering.

The minister says that he will have to consult the Department of Justice. I accept that statement, with regret, because there is such a thing as legal justice. and there is such a thing as model or fair justice. Anyone knows that the legal department—and I am sorry the minister is not here, because he would support me in what I say—is too often concerned with the strict law in a matter. If the law says so-and-so, then it is just too bad for some poor fellow who is seeking relief. But there is such a thing as fair law—I forget the Latin expression—but a law which means fairness between man and man. It is that kind of justice I should like to invoke.

I would hope that the minister, with that fairness he has exhibited in other matters, would give full consideration to this one. I would also ask him to remember this, that there is such a thing as human nature, and also such a thing as an official out in British Columbia having made a mistake, and being unwilling to admit it. Rather than admit it he will try to jam it through, and say that no damage was done—first of all, that there was nothing done, and, second, that there was no damage.

The facts are, however, that the work was done, and damage resulted. If the minister says that he has an engineer out there, sent from Ottawa, I shall be hopeful. I can understand that he would take a practical view of the matter.

Mr. BERTRAND (Laurier): I would be sorry if my hon. friend would suggest that I am reflecting on his knowledge of the law. Although I understand he is not a lawyer, he has shown in many instances that he has great knowledge of the law.

With regard to the question of justice between man and man, and legal justice, I believe there are quite a number of authors who have defined justice between man and man. One has said that, after all, it is a matter of following the law of the country.

However, with respect to Rosewell creek, the hon. member will understand that an engineer from this department is looking into the matter. I want to give satisfaction—not against, but with the law, if it is possible.

Mr. NEILL: Thank you.

Mr. HAZEN: A few years ago a fishway was erected at St. George, New Brunswick, to enable salmon to enter the Magaguadavic river. Have satisfactory results been obtained from that fishway?

Mr. BERTRAND (Laurier): My officials instruct me that we have had good results from the fishway, and that it is working properly.

Item agreed to.

72. Development of the deep sea fisheries and the demand for fish, $30,000.

Mr. POTTIER: I notice there is a decrease of $10,000 in this item, and I should like to know the reason for this decrease. I wish to know if sufficient inspectors are being appointed to take care of a serious situation in western Nova Scotia. After all, this is an item which affects sea fisheries, and it affects a situation which is developing there. In the past we have produced what is known as boneless fish, and that has gone to the United States—at least by far the largest portion of it. At the present time the quota law provides that sixty-five per cent of 1941-42 production will be permitted to go to the United States. This means that the fish which used to be made into boneless will have to be diverted, and go to one of the following markets: Canadian consumption, probably dried fish to the West Indies, and elsewhere, and then to the United Kingdom.

That means of exit to the United Kingdom is looked upon at present as the way out. I urge that every assistance and cooperation be given to the fishing industry to bring that about, particularly in areas in Nova Scotia. Certificates of quality must be provided. I am afraid there is a tendency to have a scarcity of inspectors. I urge upon the Department that that danger be avoided, and that there be no hesitancy about providing inspectors, wherever they are in centres where fishing is conducted, so that the quality will be such as is required for shipment to the United Kingdom.

There were just those two things I wished to comment on. I wanted to know, first, why there is a decrease and, second, if sufficient inspectors will be provided to ensure the quality of our fish, so that there will be no delays in shipments to the United Kingdom.

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inspectors will be provided to ensure the quality of our fish, so that there will be no delays in shipments to the United Kingdom.

Mr. BERTRAND (Laurier): This vote is decreased by $10,000 because the activities of certain officers have been transferred to vote 70, which is increased by $63,300. The chief supervisor is in the district at the present time looking over the situation. He will make a report and I imagine that more inspectors will be appointed.

Mr. POTTIER: An emergency exists.

Mr. BERTRAND (Laurier): The supervisor is there looking over the situation.

Mr. NOSEWORTHY: What is being done to develop deep sea fisheries and the demand for fish? The hon. member for St. John-Albert raised the broader question of what the department was doing; what measures were being introduced to see that fishermen in the years immediately ahead will not be faced with the conditions they suffered in the year immediately before the war. I think the minister knows that there was not a single class of citizen in this country exploited to the same extent as the fishermen, and certainly there is not a class of citizen which has been forced to live under such deplorable living conditions. Go along the coast of Prince Edward Island, of New Brunswick, of Nova Scotia; go into the fishing villages of Quebec and Ontario—I am not familiar with the western provinces—and you will see fishermen living in hovels no human being should be required to live in. It seems to me that something should be done to improve the future lot of these fishermen. All I can see in the item is provision for two lecturers, a little printing and some travelling expenses. Is there some other vote under which the minister can make some plans for the future?

Mr. BERTRAND (Laurier): In order to answer my hon. friend I would have to discuss some other items. The situation is much better to-day than it was. and I have never known it to be as described by the hon. member. However, I was not Minister of Fisheries at that time. Our main purpose is to try to keep the level of income of the fisherman as it is to-day. I should not like to go into the details of our programme at this time, because I would have to repeat myself later on. We are helping the fisherman to get better boats which will permit him to land more fish in better condition. We are helping him to bring his fish to the consumer in the best possible form.

Mr. NOSEWORTHY: Is the department considering the use of aeroplanes to bring fish from the fishing grounds direct to the markets?

Mr. BERTRAND (Laurier): Aviation has not advanced sufficiently to make it commercially possible to bring fish to market by aeroplane. They would have to go by air express and the rates are too high. I do not think we need that. If the fisherman takes good care of his fish; if he does not stay too long at sea; if he has enough ice for the time he is at sea and brings his fish in in good condition, then we intend to help him. I think with the ordinary facilities we have for bringing fish to the consumers' market we can deliver the fish in good condition. The problem is to help the fishermen catch more fish.

Mr. NOSEWORTHY: How are you doing that?

Mr. BERTRAND (Laurier): We want to process the fish immediately it is landed on the wharf and to have a continuity of supply. One of the greatest handicaps facing the fisherman is the fact that fish are plentiful at certain times and scarce at others. At times we have too much fish and then, when the consumers want fish, we sometimes find we have none. We are trying to develop better fishing methods by means of the use of draggers and long liners and so on.

Mr. POTTIER: I understand that at a later stage the minister is going to give a general statement on the development of the fisheries. I had intended to make reference to a minimum price on fish, but time does not permit. I intend to bring that point up later.

Mr. ROSS (St. Paul's): One thing we never could understand in Toronto was the tremendous spread between what the fisherman got and what the people had to pay for his fish in the stores. Before the war the fishermen used to get about half a cent a pound for haddock which would sell in the stores in Toronto for from twenty to twenty-five cents a pound. That does not seem to make sense. If the minister wants to get at the bottom of this problem and increase the demand for fish he must see that the fish is offered for sale at a reasonable price.

Mr. BERTRAND (Laurier): The merchants might be responsible.

Mr. ROSS (St. Paul's): The merchants are not responsible because I have taken that matter up with them.

Item stands.

Progress reported.

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

Thursday, June 29, 1944

The house met at three o'clock.

THE ROYAL ASSENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following communication:

Ottawa, 28th June, 1944.

Sir:—I have the honour to inform you that the Hon. Thibaudeau Rinfret, Chief Justice of Canada, acting as deputy of His Excellency the Governor General, will proceed to the Senate chamber on Friday, the 30th June, at 5.50 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
F. L. C. Pereira,
Assistant Secretary to the
Governor General.

STANDING ORDERS

Second and third reports of standing committee on standing orders.—Mr. Golding.

QUESTIONS

(Questions answered orally are indicated by an asterisk)

BEER BOTTLES

Mr. BLACK (Cumberland):

1. How many, (a) carloads; (b) dozens of empty beer bottles have been shipped out of Nova Scotia under administrator's order No. A-505 of the wartime prices and trade board since it became effective December 11, 1942, stating the places from which such shipments were made?

2. By whom were such shipments made?

3. Has the government or the wartime prices and trade board given consideration to the cancellation of order No. A-505, and if so, what decision has been arrived at?

4. What is the present necessity for continuance in effect of such order?

Mr. ABBOTT:

1 and 2.

Shipped by	(a) Carloads	(b) Dozens of empty beer bottles
Consumer Bottle Company..	161	40,250
Provincial Bottle Exchange..	272	108,250

3. Since there has been no improvement in the glass situation, the cancellation of order No. A-505 is not under consideration at the present time.

[Mr. Douglas G. Ross.]

4. There are no beer bottles manufactured in the maritime provinces. Under the provisions of order No. A-505, the local brewers are assured of their requirements of used beer bottles as they become available within the province, and the balance of bottles remaining after the local requirements have been met, are shipped under permit as nearly as possible on an equitable distribution basis to those breweries in Ontario and Quebec who deliver beer to the maritimes, so that they may be provided with empty bottles with which to fill the quotas of beer set for them by the liquor commissioners of the maritimes.

MOBILIZATION ACT—ENLISTMENTS, DISCHARGES, ETC.

Mr. DIEFENBAKER:

1. How many men during each of the months of March, April and May of 1944 have, (a) enlisted for active service in the army; (b) been enrolled under the National Resources Mobilization Act?

2. During each of the said months, how many men have been discharged from the army?

Mr. MACDONALD (Halifax):

1. (a) March—According to documents received at the records office up to 22 June, 1944: 3,397 including 389 men previously enrolled as N.R.M.A. soldiers.

April—According to documents received at the records office up to 22 June, 1944: 4,302 including 1,429 men previously enrolled as N.R.M.A. soldiers.

May—Estimated: 3,800 including 700 men previously enrolled as N.R.M.A. soldiers.

(b) March—According to documents received at the records office up to 22 June, 1944: 1,838.

April—According to documents received at the records office up to 22 June, 1944: 1,552.

May—Estimated: 2,000.

2. March—According to documents received at the records office up to 22 June, 1944: 5,634.

April—According to documents received at the records office up to 22 June, 1944: 5,111.

May—Estimated: 5,000.

NOTE.—Figures for the month of May have been estimated to allow for the proportion of documents pertaining to that month still outstanding at the 22 June, 1944.

MOBILIZATION ACT—ABSENTEES AND DESERTERS

Mr. DIEFENBAKER:

1. How many absentees and deserters, by provinces or military districts, have been located since the 1st of May, 1944, as a result of the sending out of letters to the next of kin seeking information regarding the men involved?

2. How many letters were sent out, and in how many cases were replies received?

Mr. MACDONALD (Halifax):

1 and 2.

Military district or command	Letters despatched	Replies received	No. of men located
Ontario—			
Borden	Nil	No next-of-kin residing in area	Nil
Petawawa	30	7	Nil
M.D. 1—See note (a) below	Nil	Nil	Nil
M.D. 2	70	7	1
M.D. 3—See note (b) below	40	5	1
Quebec—			
M.D. 4	2,727	355	147
M.D. 5	1,348	300	130
Nova Scotia and Prince Edward Island—			
M.D. 6	160	112	96
New Brunswick—			
M.D. 7	1,668	83	87
Manitoba—			
M.D. 10—See note (c) below	593	147	66
British Columbia—			
Pacific Command	180	41	15
Saskatchewan—			
M.D. 12	250	93	100
Alberta—			
M.D. 13	438	190	135
Totals	7,504	1,340	778 See note (d) below.

Note

(a) The details respecting each absentee or deserter in M.D. 1 are being checked. Pending such check no letters have been dispatched from that district.

(b) A small part of northwestern Quebec is in M.D. 3.

(c) A small part of northwestern Ontario is in M.D. 10.

(d) Not included in this number are a number of men who have surrendered since the sending out of these letters. It is not know whether they did so as a result of the letters.

* DEPARTMENT OF LABOUR—R. M. CHARPENTIER

Mr. DORION:

1. Since January 1, 1940, has R. M. Charpentier been in the employ of the Department of Labour, or rendered any services to the said department, or received any money from the said department for any reason?

2. If so, (a) when; (b) under what conditions; (c) what was his remuneration?

Mr. MARTIN:

1. No.

2. Answered by No. 1.

VETERANS GUARD—RESERVE UNITS

Mr. ROSS (Souris):

1. Are reserve units of the veterans guard being disbanded?

2. If so, as at what date, and for what reasons?

Mr. MACDONALD (Halifax):

1. Yes. Fifteen reserve companies of the veterans guard have been disbanded.

2. They were disbanded effective 15 May, 1944. The reason for the disbandment of these units was that they were either dormant or operating at low strength.

EDDY MATCH COMPANY

Mr. COLDWELL:

1. Has the government granted priorities to the Eddy Match Company for the construction and/or provisions of plant, and/or repairs at Pembroke, Ontario?

2. If so, was any material for which priorities were granted subsequently diverted by the company for actual use at Haileybury, Ontario?

Mr. CHEVRIER:

1. No application has been received from the Eddy Match company for priority assistance involving alteration or construction of premises at any of their plants. An application was received covering the importation from the United States of one angledozer which was required for the building of new roads through pulp wood areas which this com-

pany was opening. The application was applied for on March 13, 1944, and a preference rating of AA-3 was assigned by the department on March 29, 1944.

2. No information. Please see answer to question 1.

NATIONAL FILM BOARD

Mr. DORION:

What is the set-up of the national film board?

Mr. LaFLECHE: Major General the Honourable L. R. LaFleche, chairman, and the following members: the Honourable T. A. Crerar, Dr. Georges Bouchard, J. F. MacNeill, M. M. Maclean, C. G. Cowan, Edmond Turcotte, Donald Cameron.

WARTIME INFORMATION BOARD—J. D. KETCHUM

Mr. DORION:

1. Is Mr. J. D. Ketchum working for the wartime information board?

2. If so, (a) in what capacity; (b) what is his occupation; (c) since when; (d) what is his racial origin; (e) is he a British subject by birth or by naturalization; (f) what were his former occupations?

Mr. CLAXTON:

1. Yes.

2. (a) In charge of reports branch; (b) editing publications and dealing with inquiries; (c) September, 1943; (d) Canadian; (e) by birth; (f) associate professor of psychology, university of Toronto.

CANADIAN ARMY—CENTRAL MECHANIZATION DEPOT, LONDON, ONT.

Mr. COLDWELL:

1. Will the Minister of National Defence inform the house whether an investigation has been instituted into alleged irregularities at the central mechanization depot in London, Ontario?

2. If such an investigation is taking place, what irregularities, if any, have been discovered?

3. Has the attention of the minister been drawn to the possibility of irregularities in other divisions of military district No. 1, and will the minister consider instituting an investigation into the administration of the entire district?

Mr. MACDONALD (Halifax):

1. Yes.

2. Court of inquiry is now sitting, but has not yet reported. It is not known what irregularities if any have been discovered.

3. No. Nothing has been brought to the minister's attention to indicate the necessity for an investigation into the administration of M.D. 1.

[Mr. Chevrier.]

QUESTIONS PASSED AS ORDERS FOR RETURNS

R.C.A.F.—EQUIPMENT DEPOTS—STATIONERY AND PRINTING PURCHASES

Mr. BENCE:

1. What is the total value of stationery and printing ordered for delivery to R.C.A.F. equipment depots in each of the provinces of Manitoba, Saskatchewan, and Alberta, in the twelve-month period extending from May 1, 1943, to May 1, 1944?

2. To what firms were such orders given and what was the total value of orders to each of such firms during the said period?

INDIAN AFFAIRS—P.E.I. AGENT

Mr. AYLESWORTH:

1. Were the services of Neil A. McDougall, Indian agent, on Prince Edward Island satisfactory during his term of service?

2. Was Neil A. McDougall employed as migratory bird officer in the maritime division? If so, were his services satisfactory?

3. What were the terms of his employment as Indian agent, and what salary did he receive?

4. Was his position as Indian agent in Prince Edward Island abolished? If so, what was the reason?

5. Is the position of Indian agent in Prince Edward Island now a full time job?

6. Who is the present incumbent of the position of Indian agent in Prince Edward Island, and what is his salary?

7. Was the appointment of Indian agent of Prince Edward Island made under the Civil Service Act; was an examination of applicants for the position held, and if so, where?

8. Was the examination written or oral; how many applicants were there, and what were the names of the applicants?

9. Was Neil A. McDougall an applicant for the position of full time Indian agent for Prince Edward Island? If so, did he receive the appointment?

10. Was his rating, experience, knowledge of Indian affairs and general character inferior to the successful applicant?

11. Was Neil A. McDougall a veteran of world war number one?

12. If so, was he wounded overseas?

13. Does he receive a disability pension? If so, what is his disability?

14. When applicants were being examined for the position of full-time Indian agent for Prince Edward Island, were the provisions of subsection 4 of section 29 of the Civil Service Act observed and respected?

15. What reason has been advanced for the abolition of the position of part-time Indian agent for Prince Edward Island and the creation of a full-time position as Indian agent?

PRIME MINISTER FRASER

ANNOUNCEMENT OF ARRIVAL IN CANADA—PROPOSED ADDRESS TO MEMBERS OF BOTH HOUSES OF PARLIAMENT

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, as I came

in to the house this afternoon I was informed that the plane which was bringing the Right Hon. Peter Fraser to Canada had arrived at Boucherville a few minutes before three. As I told hon. members on a previous occasion I had invited Mr. Fraser to visit Ottawa on his way back to New Zealand. On behalf of both houses I also extended to him an invitation to address members of both houses of parliament when he was here. Mr. Fraser has kindly consented to do that, and will address the members of both houses of parliament to-morrow afternoon.

I have been speaking with His Honour the Speaker about the arrangements, and I believe it will suit the convenience of all if we follow the same procedure as when the Right Hon. Mr. Curtin, the Prime Minister of Australia, was here, that is to say, have hon. members assemble at three o'clock to hear the address by Mr. Fraser and after the address is concluded then have the house begin its regular proceedings. When Mr. Curtin was here, on behalf of both houses and of all political parties in the house I extended a welcome to him and asked my hon. friend the leader of the opposition (Mr. Graydon) to join with me in making it apparent that the welcome was unanimous. Since that time I believe a question was raised as to why an invitation had not been extended to the leader, or at that time the acting leader, of the Cooperative Commonwealth Federation party also to join in extending a welcome; and that would, I assume, apply also to the leader of the Social Credit group, though no question was raised at that time by any member—

Mr. HANSON (York-Sunbury): What about the other parties?

Mr. MACKENZIE KING: My hon. friend is speaking of other parties and putting in a word for them. I do not know whether he intended it as such or not. However, with regard to the welcome to Mr. Fraser, may I say I think it would be advisable to follow the same procedure as was followed in the case of the welcome to Mr. Curtin. May I say that in extending a welcome I am not doing so as the leader of a political party. Nor is Mr. Fraser being welcomed as the leader of a political party. The welcome that will be extended to Mr. Fraser by myself will be from me speaking as the Prime Minister of Canada to the Prime Minister of New Zealand as representing the government and the people of New Zealand. Our constitution does not take account of political parties as such, but it does take account of governments and oppositions. The leader of the opposition is a salaried officer of this house, and I have felt that to make it quite obvious that both the government and the opposition are agreed on the welcome extended I should ask my hon. friend to join with me in that welcome, but that does not mean that I am excluding any other parties. As I have said, we are not speaking as leaders of political parties, we are speaking in our representative capacities. The government is speaking as the government in office, and the opposition is being asked to join so as to make it perfectly clear that this is a matter above party in every particular. His Honour the Speaker of the House and His Honour the Speaker of the Senate will extend a word of thanks because of their official positions in their respective houses. I hope that will be satisfactory to all concerned. I just want to make quite clear to my hon. friends who are leading other parties or groups that it is not in any way the intention to pass them over. Five speeches will be delivered as it is and to add to that number would perhaps be going farther than we should.

Mr. M. J. COLDWELL (Rosetown-Biggar): May I just say a word? I think the house will agree with me that we have never endeavoured to usurp any place in this house. On previous occasions when distinguished visitors have been welcomed we have not intruded upon the time of the house to any extent. The remarks made by the leader of the Social Credit group and myself have always been brief. I think the Prime Minister is quite right in saying that he speaks for the entire parliament, but I take a different view with regard to the opposition. I do not think the leader of the opposition can speak for my own party in this house.

Mr. HOMUTH: He never tried to.

Mr. COLDWELL: The supposition is that he does. I am stating my position very clearly. I think the precedents which have been established in this house over the past number of years ought to be followed in this particular, and I may say that we have a peculiar interest in the welcome extended to Mr. Fraser.

Some hon. MEMBERS: So have we.

Mr. GRAYDON: Not any more than anyone else.

Mr. COLDWELL: I entirely disagree with the procedure that is to be followed. I do not propose to create—I have never done so—any scene in the house on that occasion, but the policy which is now being laid down, if it is

to be followed, will have to be followed closely in the future, both in this and in subsequent parliaments.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I think perhaps this group pretty well agrees with the Prime Minister (Mr. Mackenzie King) that on the occasion of the visit of any distinguished visitor the Prime Minister, who is the leader of the house, and the leader of the official opposition, together with your honour, might very well welcome that person on behalf of the entire house. However, the circumstances surrounding the visit of any prominent person to Canada are usually about the same. It is a matter of welcoming him; what one person can say can be said by anyone else, and in these matters there is a great deal of repetition. We do join with the leader of the Cooperative Commonwealth Federation party in saying that the leader of the official opposition does not speak for the entire opposition, for the reason that there are various schools of thought in Canada for whom I am afraid he cannot speak. I do not believe the hon. member for Rosetown-Biggar (Mr. Coldwell) can say that the visit of Mr. Fraser is of any more particular interest to his party than to anyone else. We are quite willing to abide by whatever decision may be arrived at, but we do ask that the ruling made be followed in future.

Mr. MACKENZIE KING: In reply to the leader of the C.C.F. party (Mr. Coldwell) may I suggest that what he has just said illustrates the wisdom of not departing in the first instance from rules of procedure, but adhering strictly to them. I have tried, where it has been possible and convenient, to extend courtesies that did not strictly follow the rule; I have asked leaders of different groups to join in extending welcomes on such occasions, but my hon. friend will remember that when Mr. Eden addressed the house, while cordial welcomes were extended, they were overwhelming in number and in balance. By that I mean there was more in the way of welcome than there was in the way of reply from Mr. Eden. I was taken to task by the press, and there was a good deal of comment around the house as to why so many should be requested to extend a welcome, and for that reason I thought it would be wiser thereafter to limit the number. Perhaps my hon. friend has heard of the young man who was about to be married, and someone asked him why he had not asked his father to the wedding, and he replied that he had to draw the line somewhere.

[Mr. Coldwell.]

Mr. GORDON GRAYDON (Leader of the Opposition): There is one happy aspect to all this, Mr. Speaker; the competition to welcome the Prime Minister of New Zealand seems to be very keen. I hope this word will be conveyed to him, because I think it is very much better that way than in the reverse.

Mr. MACKENZIE KING: I have sent it to him already by telegraph.

Mr. GRAYDON: I am going to deal with my right hon. friend in a moment in connection with another matter. When the Prime Minister speaks of drawing the line, perhaps he has drawn one already a little too fine, though of course it would be just like a bachelor Prime Minister to do this. I understand that Mrs. Fraser is to accompany her husband, but the Prime Minister has not said anything about her; neither have those interested gentlemen to my left. I think some expression of welcome should be extended to her also. Perhaps on this occasion the Prime Minister will want to make up for some of the things that have escaped him in the past.

Mr. MACKENZIE KING: My hon. friend can trust me to see that every courtesy is extended to Mrs. Fraser.

Mr. A. W. NEILL (Comox-Alberni): I should like to say that I am very well satisfied to forgo my right as a leader of a group to participate in the welcome to our guest in favour of either the Prime Minister or the Leader of the Opposition; but if this principle of pandering to the vanity of individual groups is to be continued to its grotesque end, then I also want to be one of the speakers, seeing that the years of service of the party I represent far outdates those of the groups to my left.

INTERNMENTS

CAMILLIEN HOUDE

On the orders of the day:

Mr. LIGUORI LACOMBE (Laval-Two-Mountains): I gave notice to the Minister of Justice that I was going to ask him this question: Est-il vrai, tel qu'annoncé à la radio et publié dans les journaux, que le ministre a ordonné la libération de M. Camillien Houde?

Hon. L. S. ST. LAURENT (Minister of Justice): The hon. gentleman is inquiring whether a report, said to have been published in the newspaper and over the radio, that an order has been made for the release of Mr. Camillien Houde from internment, is

correct. I do not know what may have been published in the newspapers or over the radio, but if that was said, certainly it is not true.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Monday, June 26, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Hon. W. E. ROWE (Dufferin-Simcoe): Mr. Speaker, the presentation of the budget by the Minister of Finance, covering the annual expenditures of the government, has long since become a traditional custom in our form of parliamentary government. The people of Canada view with keen concern the heavy expenditures proposed in the budget now before the house. It is indeed a shocking reminder of the grim national purpose for which these expenditures are chiefly required. After almost five years of participation in civilization's most titanic conflict, our gallant forces are now engaged in a clash of arms more crucial than history has ever recorded. On many seas, in far-flung lands and in distant skies, they grapple with unprecedented forces to save our way of life. To those who have already laid their lives upon the altar of this nation's freedom we offer our deepest respect. To those who yet march in this great crusade we owe the full support of every fibre of our national being. Let us not boast, but humbly recollect that great expenditures of capital, great production of war materials or great debts for posterity are not the real sacrifices of war. The sacrifice of life and limb with the disillusioned hopes and aspirations of their family associates, is the greatest cost.

Since the outbreak of this war our people have stood ready to cooperate under courageous leadership which would fearlessly and swiftly marshal our great forces of men and resources. While our numbers are small, Mr. Speaker, no country engaged in this war has had a people more willing and capable, with resources more plentiful or better adapted for the great task of an allout war effort.

May I pay tribute to the valour and gallantry of our fighting forces in the tragic tests of land, sea and air battles. No finer generations of manhood and womanhood ever complemented this young nation than those young men and women who are to-day in His Majesty's forces. Secondly, may I pay tribute to those men and women who are not privileged to serve in physical conflict, but who have given their best skill and energy in toil and direction of factory and field production.

Our magnificent volume of production during these war years is indeed a great compliment to the genius of our people and the efficiency of our industrial organizations. No people were more fitted to meet this test than those whose lives have been free, whose experience has been in matching the forces of nature in a new country, where individual freedom in every creative sphere has developed independence, self-support and confidence in their own initiative.

The phenomenal production of war machines and munitions has been made possible, chiefly by the adaptability of our splendid workmen and the ingenuity of our technical and scientific men under the guidance and enterprise of well-trained industrial executives —some of the best-trained industrial executives of the world. These elements, supplemented by the thousands of agricultural workers and other primary producers unfolding the rich natural resources of this great country, have maintained Canada as a potent force in these tragic world affairs of to-day. Our progress in such production has been an important part of our war effort. While our numbers in the fighting forces are few, yet, associated with powerful and great fighting allies, we shall win this war.

We behind the lines are challenged so to direct our nation's affairs that it shall not be merely "victory at any cost" but "victory at a minimum cost"—that it shall not end as a "war won and a peace lost," that it shall not result in foreign slavery avoided and home freedom surrendered. We are challenged to provide a full all-out war effort by the maximum utilization of our man-power and resources. This is what we are asked to do to-day against terrific odds. Greater equality of service during this conflict—yes, and equality of opportunity in peace, are our people's right and our government's responsibility.

The budget that has been presented to this house covering the estimated expenditure of six billion dollars is the highest in the history of this dominion. In short, it is now proposed that this colossal undertaking shall be achieved by a policy of increased expenditures on the one hand, with decreased revenues and higher borrowing on the other. The old policies of pay as you go, and those safeguards from inflation we have heard so much about, and the control of ordinary expenditures, which were adopted for war, are now disbanded for election.

The most significant feature of this budget is this abrupt reversal of government policy, in this most critical period of the war. This dying government now lifts the lid from the inflation they have long since fought, in a last desperate bid for election at any cost.

The Minister of Finance in his speech on Monday night said:

> National income in 1943-44 was something like 12 per cent higher than in the preceding fiscal year.

That is for last year. And it enables him to follow more easily than ever before the policy which he has enunciated so vigorously in this house. Speaking directly on the question of the control of inflation the minister stated:

> The need for it is evident on every side. It is not without its irritations and disadvantages—

And those are nasty things in election years; he did not say that, but I say it. And may I add, he has had some experience, too, in elections.

> —but its beneficial results are beyond dispute. It is only necessary to remind the house that the government reaffirmed its policy in November last and again in March, and that the successful maintenance of that policy, through the period of active military operations in Europe and in the readjustment which will follow, will be even more important to this country than it has been in the past, and that it will be at least as difficult.

These are the minister's own words. Is it any wonder, Mr. Speaker, that after announcing a policy that repudiates control of inflation we find the minister stating, and I quote:

> I must repeat and emphasize that this proposal does not imply that the need for saving is less.

Still he takes the savings of the people back, and undoes the purpose for which those savings were taken away from the people in the first place. The child was born on this side of the house, reluctantly accepted on the other side, and forsaken before it was two years old. Why, Mr. Speaker? He states further:

> On the contrary, from every point of view, the need is greater than ever before. Civilian goods continue to be in relatively short supply, the demands from the war fronts are more imperative; and over-all cash requirements are mounting to new high levels.

I can well recall when the compulsory savings plan was adopted. Some may not have understood me when I said it was on this side of the house it was proposed, and it was on that side of the house compulsory savings were adopted. To-day they are disbanded when they are needed more. Why the inconsistencies of this budget are apparent even to a child, and the preelection bids can be seen by a blind man.

[Mr. Rowe.]

The proposal of the Prime Minister, which was referred to by the Minister of Finance the other day in his budget speech, regarding family allowances, to come into effect in July of 1945, is a strange advance notice for another parliament to carry into effect an election bid for power by a government that knows this parliament expires before that date. It uniquely disregards provincial rights, which are so often used as an excuse for the lack of policy regarding our natural resources. If this preelection paternalism is sound to propose this year, why wait to practise it next year? Is it because the dominion government know that this issue belongs to provincial jurisdiction? Do they expect this election bonus to be discussed by the dominion-provincial conference, and do they intend to leave it to that conference to share responsibility for its rejection? Every year since this war began, the Minister of Finance has been preaching about the dangers of inflation. Toward meeting such dangers the government inaugurated price control with speed and dispatch, and confiscated workmen's wages before they were received. These were imposed upon our people as war-time necessities to keep purchasing power down to a reasonable ratio to the rigidly rationed consumer goods. That principle, Mr. Speaker, was heralded as the bulwark against ruinous inflation. It was imposed upon the farmer, even though he well knew it was a frozen basis of unfair prices. It was imposed upon the workmen to the point where more work meant less pay. Indeed, it was given to every class within this nation as their war-time duty. Never during this war has inflation so dangerously threatened our economic stability as at the present. This is obvious to everyone. This we were told last Monday night by the Minister of Finance. Yet we now witness the spectacle of this floundering government, in a hopeless effort to buy its way back into power, reducing old taxes with one hand and giving out new hand-outs with the other, thinking not of the next generation but planning for the next election. If there ever was a time in our national life when we should not adopt a defeatist attitude by accepting a policy of paternalism that will establish in perpetuity a billion dollar annual budget for ordinary expenditures in Canada, it is now.

Has this government some secret assurance that the war will be over before the end of this fiscal year, or before the new responsibilities created by this preelection gesture will arise? Will any minister now rise in his place in this house to indicate that Germany will be subdued and Japan beaten before this fiscal year is out? No, but rather:

No one speaks because he does not know;
No one rises because he dare not rise.

Some hon. MEMBERS: Oh, oh.

Mr. ROWE: My hon. friends may laugh, but they cannot tell us. My hon. friend the Minister of Labour (Mr. Mitchell) will not rise. No one sits closer to a job unfinished than he. I take second place to no man in my desire to give security to the people of Canada. I have suffered as much as any hon. member of this house in my regard for the problems of the labouring men and the poor people of this country, but I view the payment of cash bonuses to large families with well-founded doubt. When I think of the potential fathers of this nation battling far from home and dying to save our freedom, I can only see the acceptance of this reckless political bid for power at this time by any party as a piece of callous cynicism.

Great over-all schemes have been heralded by this government for many years. I have sat here and listened to them being announced periodically for periodic purposes. We have listened to the glittering generalities of security in the speech from the throne, and we recently heard about this preelection bid of cash hand-outs to families. These are not plans for health and welfare; these are government cheques for favour and popularity. This is cash which may not be spent for health or welfare. It can be spent according to the dictates of the father of the family who receives the cheque. Is there any assurance that these cheques will be used to pay dental bills or in connection with the health and welfare of the children? No. We believe that Canadians want most of all reasonable assurance of gainful employment and the dignity of self-support. We on this side of the house believe that under a sound social economy, dependency and poverty, with its sickness and suffering must be dealt with as a national problem. The party to which I belong does not take second place to any party in this house in its desire and determination to assure the provisions for a sound social security programme for this young dominion.

An hon. MEMBER: You are taking in a lot of territory.

Mr. ROWE: It does not take much territory to take you in. In order to establish a workable scheme by which a sound health and welfare programme may be made effective, I urge upon the government that they set up at once a dominion-provincial welfare and assistance fund. Why fool with this issue As a first payment the dominion should contribute to that fund a sum at least equal to our present contribution to the united nations relief and rehabilitation administration. We are not afraid to be specific as to where we stand on the question of social protection for our people. I hear my hon. friends on the other side laughing, but they have followed their same policy since 1919; they have not changed it in twenty-five years, except to bring it out and dust it off for election purposes.

Mr. MACKENZIE (Vancouver Centre): You have changed leaders five times.

Mr. GRAYDON: You are going to change to another one now.

Mr. ROWE: Your leader may still be your head, but he will change places after the next election. The immediate steps by which we would expect to get our programme into motion are as follows:

1. The establishment of a dominion-provincial welfare and assistant fund, to which I have referred.

2. Set up a competent body of experts, nominated by all parties in the house, to examine the ill-conceived and half-digested proposals now suggested by the government, and report upon them. This body might be the reorganized social security committee of the house or a specially appointed commission of inquiry. In either case, its task would be to consider the problem of social welfare in its entirety as a national problem, and not as an exigency of party politics.

3. The summoning of qualified persons nominated by the provinces to confer with the commission of inquiry set up by this parliament.

4. To convene the representatives of the provinces for a dominion-provincial conference as each item of an integrated programme reaches the stage of report.

5. To free the financial assistance, in the way of public health grants to provincial governments, from the unworkable insurance sections of the proposed national health and insurance act, and make them immediately available to the provincial governments.

6. To extend grants from the dominion-provincial welfare fund to each province in accordance with its needs so that it may enlarge its hospital facilities, nursing services and clinics in urban, rural and hinterland areas. Under this heading also we suggest that the dominion government share with the provinces the burden of new capital expenditure for hospitals, convalescent homes and homes for the aged. This can be done by the provision of funds, grants of federal land, buildings and equipment.

7. To raise the standard of nutrition by education and by assisting the marketing and

distribution of essential foods to Canadian families of small means, especially where there are young children.

8. To utilize the dominion-provincial conferences for the drafting of housing plans for urban and rural communities with a view to reallocating population as economic and hygienic considerations demand. The scope of such plans should include provision for wider electrification of rural homes, and the improvement of homes now occupied by families in the low income group.

9. To see that all residual problems of social assistance, such as provision for the aged, blind, handicapped or dependent persons, can be dealt with swiftly and flexibly. This purpose can best be served by developing provincial agencies, assisted by the dominion welfare fund. Local administration of such agencies is essential if each case is to be treated on its own merits.

10. To develop a system of contributory social insurance against the ordinary hazards of community life on a sound actuarial basis, with the dominion government holding and guaranteeing the reserves, rather than resorting to handouts such as the family allowance proposal.

I believe that during these tragic war years we surely must have learned a lot. I believe we have learned more than we ever learned before. The importance of health and fitness of our men and women has been brought home to us more forcibly than we thought possible. The health of a citizen in British Columbia or in Prince Edward Island is just as important to the sound stability of this nation as the health of a citizen in Ontario or any other province. We can maintain our social services in sound unison with that forward-marching enterprise and development awaiting this young country, if we but use our common sense. The policy I have proposed decentralizes control instead of ignoring the right and function of other legislative bodies.

Health and welfare will then cease to be an election football. The hon. members who sit to your right, Mr. Speaker, have kicked it around the political field ever since their convention of 1919, twenty-five years ago.

Mr. FRASER (Peterborough West): And there has not been a touchdown yet.

Mr. ROWE: When this sounder programme is put into effect, it should be to the mutual interest of all legislative bodies, independent of politics, to carry it out in the common and broad interests of our national health and welfare, about which there cannot be much issue. Why should the matter of health be kept in the federal field when originally under the British North America Act it was not so intended? We realize that we are entering a new age and that after the war we shall need more health and welfare services. Let us meet the issue now, instead of talking about it every four years and then dropping it. Let us meet it now, once for all, so that it will be dealt with consistently in the future.

It is not my purpose to criticize in detail the budget or the many errors in the administration of last year's budget, nor yet the personnel of the government that sits to your right, Mr. Speaker. However, I deem it my duty, representing truly Progressive Conservative principles, to offer a constructive warning against the tendency of the present administration. May I therefore confine my observations chiefly to the trend towards bureaucratic control, the failure to marshal our forces, the unsoundness of our excessive taxation, unbridled expenditures, and the disparity of farm prices.

The trend of government policy in regard to these matters is to-day halting individual enterprise and beckoning state control. In patriotic submission our people have yielded to controls, regulations, restraints and restrictions to assist the government in its gigantic task. However, our people expect the minimum of these bureaucratic controls, even in war time, and most certainly they expect their elimination after the war if peace time freedom is to be restored in this dominion. Under the War Measures Act the powers of the executive are almost unlimited. Such authority can become a danger to democratic institutions, even if it can temporarily be reconciled as a war necessity. For many years we have been lectured in this house on the rights of parliament. The present Prime Minister has opposed most vigorously the vicious practice of government by order in council. As I listened to him in my younger days in the house he was an inspiration to me with respect to the rights of parliament, but not so much to-day.

An hon. MEMBER: He has lost his glamour.

Mr. ROWE: My hon. friend says that he has lost his glamour. I think of all the inconsistencies between his preaching and his practice. Long ago he stated in this house that government by order in council should end. He will remember well that statement. He said that it was opposed to representative government. True, we are in war and we must have some regimentation, but it is alarming

to see so many of the functions of this house relegated to the secret chambers of the east block, where the tired and weary executive give new powers of executive control to boards which are not responsible to the people or to this parliament. Government by order in council is now common practice, and it is frequently abused by amending purely civil statutes, as well as meeting war emergencies with departmental administration rapidly surrendering its functions to complete bureaucratic control.

The consideration of taxation problems used to be foremost among the functions of this house. Our people knew what was going to happen; they knew the rates that were levied; the rates were common knowledge. But under the present system of government by order in council, hundreds and hundreds of tariff changes are made and thrust upon private enterprise with shocking suddenness. Since the war began over 45,000 orders in council have been passed, and my hon. friend behind me says that another armful came over from the east block to-day. These orders in council have been passed in ever-growing disregard for the rights of parliament itself. Twenty-five orders in council are being passed every day that this parliament sits. Many excellent men are struggling to carry on this bureaucratic muddle which the government has established. On the good personalities of these controllers I shall not hesitate to comment. Under the authority of the War Measures Act the wartime prices and trade board issues a new unprecedented licence to exist to different enterprises almost every morning. This added uncertainty, at a time when the government's tariff policy is known to no one and its taxation laws are understood by so few, shatters the confidence in government that is so essential for the progress of this dominion. How in these circumstances can the executives in industry and commerce, to whom we must look for the planning and utilization of our resources after this war, prepare to give full employment to our returned soldiers and war workers when the war ends?

The vital spirit that lies behind the responsibility of parliament must not continue to be smothered under the War Measures Act. Although parliament freely gave the executive certain rights, unless the abuse of such rights is checked, this house, as the citadel of our freedom, will become the home of a new autocracy.

The normal policies of government have been conspicuously replaced by administrators' orders, commission regulations, and board controls, authorized by order in council instead of by parliament, and applied without notice, as the expediency of each day arises. Indeed, Mr. Speaker, this fourth arm of government, established for a just purpose but extended evidently by design, threatens to undermine the bulwarks of our democracy.

With such a lack of policy for war, is it any wonder our people search in so many new fields of thought for a policy for peace? In 1939, when war was declared no fixed policy on its execution was decided. Some believed that we had a limited liability. Some believed our participation should be one of production. It was only after a careful review of every political aspect of our sovereign rights that we, all too late, joined the commonwealth air training plan. For almost a year, the war raged close to the gates of Britain before even an inventory of our human resources was taken. This was to be the basis and beginning of our man-power planning. Slowly and cautiously, a thirty-day compulsory training scheme was born, enlarged into a four-month plan in 1941, later to grow into the now infamous home defence plan. In 1942, the national selective service plan was born after the advent of the now historic plebiscite. The Prime Minister then said: "It is imperative that the services of all should be directed into wartime tasks," and the Minister of Labour (Mr. Mitchell) said: "Even the girls must be taken from the 'golden slipper' trades."

One of the government's famous information bureaus, ponderously toiling on into the night, to save their master's face, told our people that selective service meant just what it said—"placing each where he could serve best." After five years of floundering uncertainty, we now have the glaring spectacle of national humiliation, in a policy that is costing this country between $150 and $200 million per annum. To maintain an army where there is no fighting, men from field, forest, factory and store, has created a vital jam in every production front at home, and has mocked the tragic need on every fighting front abroad.

For the honour of Canada I urge the government now to remove the political halo that surrounds this most ridiculous camouflage, and turn these able-bodied men back to the farms, the factories and the forests where they can produce for victory until they are marshalled for the more vital service for which they were conscripted. To-day there is no government policy to send this home army overseas, and no purpose to keep them here. On every front, at home and abroad, our comrades plead for men.

The government is fearful to move forward and ashamed to turn back. I do not know how my hon. friend can laugh. Canada is not laughing with him; the boys overseas are not laughing with him.

Mr. CRERAR: I am afraid they are laughing at the hon. member, though.

Mr. ROWE: To-day, Mr. Speaker, 75,000 of these men stand at ease without a mission, while the government adds another $150 million per year to the taxpayers' burden. Indeed, they are not as useful here in Canada for an all-out war effort as the lost legion which my hon. friends refuse to seek, or the forty-nine thousand and one men whom they admit they cannot find. The folly of building such a defence force at home while our allies fight the enemy three thousand miles away is recognized by all. Indeed, the school children are talking about it. They are not needed here to win over there. Surely when our best men are dying for our freedom we can take our people into our confidence and view the reality of things as they are. Let us tell the people the truth. Let the government say why they are exercising the policy of conscripting men from useful toil and withholding the power to direct them for the purpose for which they are required. That is the question I leave with the government. They have tampered with it for four years and they might have tampered with it until Britain, the citadel of freedom, had fallen—all for what? Well, Canada will answer, and the people in my hon. smiling friend's riding also, will answer.

The magnitude of the present budget proposals indicates the tremendous tax obligations that must be met by the all too few taxpayers of Canada. It anticipates the ability of the people to pay, and it reflects again the fact that no similar number of people in the world have ever enjoyed such abundant resources. I submit that the taxation forms should be simplified and should more clearly indicate what the taxpayer is required to pay. To-day they are subject to various interpretations. The present tendency towards more complicated systems shows us that we shall rapidly become a nation of bookkeepers unless there is a change in this trend. Parliament is, or rather was, the only constitutional taxing authority; yet in many cases to-day, taxes are not only collected according to the discretion of the minister, but they are fixed by the decision of departmental officials far removed from the house. Such bureaucratic taxation must not become a part of our democratic system.

To-day, after five years of war, many companies do not know where they stand. The annual financial returns of shareholders must state, "amount of taxes cannot yet be determined." In view of the government's failure to simplify the taxation forms, I recommend that a thorough investigation be made to devise methods of reducing the national waste of labour and time in the preparation of income tax returns. To-day few people understand them, and they have grown to be a burden to the government as well as to the taxpayers.

Our complicated tax structure is a serious problem, and the unsatisfactory state of affairs that arises in its administration is equally disturbing. The treasury seems to have developed a bureaucratic attitude towards the nation's producers, and an unwarranted lack of confidence in the common taxpayer's integrity. The purpose of our taxes to-day might well be said to be twofold. The first is to raise needed revenue, and the second is to prevent inflation by restricting purchasing power. The spirit of tax collection to-day seems to be the extraction of as much as possible for the immediate requirements of the treasury, with a reckless disregard for the expansion, employment and survival of industry.

In the interests of our longer-term economy, there is a limit to the extent to which taxation can be carried. Canada's debt to-day is about $11 billion. The carrying charges of this, and added war requirements, plus a long list of new social services that are proposed, constitute an unprecedented challenge to our people and our resources which can only be met by the soundest utilization of every potentiality of this nation. However, our task must be to win the war. Before considering a general modification of the tax structure, to preserve our ability to produce, we must meet the war emergencies.

Our first task, I say is, to win the war. We must look to the future. The minister has told us that the present critical man-power shortage is seriously aggravated by absenteeism and refusal to work overtime. I submit that the present budget offers no effective solution to this problem. Now that the war has reached its most critical stage and every ounce of our energy must be mobilized behind our fighting men, the basis of taxation of the industrial worker should be on the standard weekly hours he works, without any tax on overtime for those who are ready to give this much-needed extra service until victory is achieved. If our people are to carry the burden that will remain on their shoulders many years after the war is over, our basic sources of revenue must be preserved and

expanded. The present haphazard taxation system must be placed on a more scientific basis or the wellsprings of revenue will dry up.

Taxation of the farmers' income is perhaps the most complicated and in some respects the most unfair. The farmer may invest $5,000 in high-class live stock, and he and his son after fifteen years of diligent care may be able to make a special sale of the best part of the herd for a substantial sum, on which he is now subject to general income tax levies of one year's profit.

Mr. GIBSON: That is not correct—it is averaged back five years.

Mr. ROWE: In fairness to the farmers, and as a means of providing a greatly needed incentive to investment in the improvement of agriculture I urge the immediate revision of income tax levies on farm incomes so that annual sales shall not establish the excess profits of a special sales year but shall be calculated on the average income for a six year period.

Revision of the corporation taxation laws is no less required for industrial concerns. The present system of double taxation, through corporate and personal income tax collections, is not only discouraging industrial enterprise but is penalizing the individual shareholder. Those who have small investments in corporations are often indirectly paying from 50 to 60 per cent income tax on earnings of such money and when such dividends as are left are received, they are taxed again at the rate of the individual's general income. There is a discrimination against the small shareholder whose investment income has been taxed on the high rate, while his personal income may be much lower. The shareholder, on the other hand, who is in the higher income brackets, finds the earning of the capital he invests in industry taxed by a company rate of perhaps sixty per cent, and the balance he receives taxed another sixty per cent as his individual rate. This is a dangerous type of taxation that defeats its own purpose. Money invested in industry to employ labour and produce wealth should yield a better return at least than money loaned in government bonds, where no such risk is involved.

It must never be forgotten that the power to tax is the power to destroy. The first step towards such destruction is the imposition of rates so excessive that the incentive for greater production is gone. While there is a limit to borrowing, there should also be a limit to taxing. Heavy debt is not desirable, but excessive taxation can well become disastrous. If we are to meet the world competition of post-war days in giving employment to our people, taxation must be reduced as soon as possible.

Some of the revisions I believe most vital for the employment of our people through the necessary encouragement to capital investment are: First, the elimination of the double taxation now imposed on company and shareholders. This would give the same encouragement to industry and employment in Canada as is now given in Great Britain. Second, the revision of the present rigid regulations of the income tax rules so that depreciation allowance could be made flexible enough to include obsolescence now so recklessly disregarded. Third, the earliest possible elimination of all sales tax on building constructions that are to be used to give employment to our people.

Taxation, Mr. Speaker, is an important policy as well as a means of compelling the public to furnish the expenses of government. This is a fact too often forgotten by governments which seem to prefer to cloak the levies they make upon the people and disguise them in all sorts of ways. Most taxes are obtained by diverting some part of the stream of commerce into the national treasury. Until the war, the direct taxation of personal income, which is now the most just and straightforward of all forms of taxation, yielded but a small part of our national revenue. Prior to that, the great bulk of revenue came from tolls and penalties on the production and sale, the transport and the import of products and other sources. What the private citizen saved in income tax he paid out in the increased price of all that he purchased. It was a case of painless extraction. To-day these nuisance taxes still persist. Commercial and industrial processes which give employment to thousands must now hurdle all the fences which the government puts in their way as the price of doing business, and the private citizen knows little of what it costs him to maintain the luxury of government. His personal income tax is the one thing which reminds him of his citizenship in this dominion, and this is a burden which the largest part of our people never carried before the war because exemptions were high enough that only a minority paid income tax. To-day they are somewhat bewildered, and in truth I believe that the government is bewildered as well. The income tax branch must be bewildered; for a task has been thrust upon it which is much greater than it was designed or equipped to perform. The result has been that far too much authority has been given to the minister and delegated by him to the heads of his department. The deputy minister, in practice, takes the framework of a tax policy that leaves parliament

and fills in the detail at his own discretion. He makes assessments and reassessments; he makes regulations and has recourse to all the machinery for collection of what he considers due him and his department. He is clothed with power, and against his authority the private citizen stands naked and unarmed.

If, in his bewilderment, the taxpayer miscalculates and overpays the government, there is no such ready means of recovery at his command. Section 56 of the Income War Tax Act provides only that the minister may refund an overpayment, provided application in writing is made therefor by the taxpayer. No one says the minister must. There is no equality or justice in the arrangement. The time is long overdue when the administration of income tax should be democratized, the powers of the minister limited and defined, and the machinery for protecting the citizen against arbitrary decisions made readily accessible. In Great Britain and in the United States the private citizen is better protected against both faulty assessment and improper collection. His complaint of overpayment is swiftly dealt with. I regret the tendency which seems to have been fostered by this government during the last decade under which the public business, which is everybody's business, is treated as though it were nobody's business, save only those who are clothed in the mantle of governmental authority. I may say for myself and I believe for my colleagues in this party, that we stand for strict limitation of personal authority in public service, and for ready access to impartial tribunals for those of our citizens who feel that they have been wrongly or harshly treated. We believe, too, that the people, as masters of the state and not its servants, are entitled to a regular and honest accounting.

It was inevitable that the prosecution of war would result in more debt and vastly increased taxation, but it was not inevitable that the principle of accountability should shrink to a corresponding degree, nor was it inevitable that the ordinary expenditures, exclusive of war costs, instead of being curtailed as this government promised when it took office, should have expanded from an actual expenditure of $413,032,000 in the fiscal year 1938-39 to $630,215,000 in the fiscal year 1943-44. What justification can there be for this increase when the population is fully employed and the demand for public services is reduced? If this disregard for prudence is to be observed in routine matters, what conclusions are we to draw concerning the expenditure of the billions of dollars earmarked for war purposes? No one who has any pretensions to patriotism wishes to be niggardly in giving support to our fighting forces. But equally it must be said that no one with any pretension to patriotism would wish to limit the support which can be given to the fighting forces by permitting a riot of wasteful expenditure at home to consume the resources of this nation. What is the situation? The taxpayers do not know. Neither do the members of this house. For a while their apprehensions were allayed by the creation of a war expenditures committee, which was heavily weighted by the followers of the present government, and from the deliberations of which that greatest bulwark of our liberties, the press, was rigidly excluded.

The people of this country are entitled to know whether the most important of their enterprises has been conducted efficiently, honestly and prudently. The war expenditures committee has lost the confidence of the people, and for that reason I think it should be disbanded. Its sittings are a waste of time; its deliberations are a mockery; it is not a satisfactory substitute for the public accounts committee or any other committee which may be named. It is hedged with secrecy; it conceals the truth. It is not a fearless agency for exposing the real facts. Have we reached the stage, Mr. Speaker, where about these great expenditures we have to listen only to the tired voice of this exhausted government?

This country stands at the cross-roads. One road points on toward wider fields of human endeavour and the other toward closer restriction and regimentation by state control. That "he who runs may read" is as true as ever, it goes without saying. It requires $5,000 investment in plant and equipment to employ one family head in industry. We as a parliament should be consistent in aims to encourage post-war prosperity and employment. When such investment in private industry ceases to be an attraction to the individual, the employment of our people becomes the responsibility of the state. Enterprise is then no longer general, and initiative ceases to be personal, while a government monopoly will direct our course and dictate our destiny. So to-day we observe the old reactionaries to your right, Mr. Speaker, taxing out individual enterprise, and the new voices of an older socialism to my left endeavouring to "talk in" state control. The Progressive Conservative party offers progressive and creative alternatives to a people determined to maintain the individual freedom and virility that has built this nation, the same virility and freedom from which must arise the initiative and

enterprise if Canada is to reach her deserved destiny as the most progressive and prosperous nation in the post-war era.

We trust the dawn of peace may soon return. Swift changes inevitably must follow. In all conscience our first obligation must be to the dependents of those who have made the supreme sacrifice and those who may be disabled. Second only to the medical care and vocational training of those unfit to assume their intended places comes the provision of general opportunities for all members of His Majesty's forces. No government or enterprise which forgets these men who have a "G.S." on their tunic sleeves will be worthy of a place in our national life. We shall have thousands and thousands more who have learned to work and produce as never before. That productive ability is a new asset. Indeed, Canada's hope for the future is work. The products of the toil of our people must be for the service of each other rather than for the purpose of destruction.

The farm, the forest, the mine and our fisheries must be coordinated in their true greatness with the vast industrial capacity now available. Home and other markets must be established on a larger scale if we are to maintain employment and a reasonable standard of living in post-war years. This objective can be achieved only to the extent that we equalize conditions as between our primary and secondary producers.

In this regard I want to mention the place and importance of agriculture. The farmers of Canada, with their 750,000 families, constitute the greatest potential market for manufactured goods of any class of our people. Despite the all too prevalent disparity of prices which they have endured for many years, prior to the war they purchased about fifty per cent of all the manufactured goods sold in this country; they provided one-quarter of all the railway freight, and nearly all the truck transportation. During several pre-war years about forty per cent of Canada's exports were agricultural products. It is generally conceded that the rural population provides the largest domestic market for the products of Canadian industry. However, it is equally true that the purchasing power of the farmer can be no more than his earnings. The total of wages to be divided among our working men and women is influenced greatly by the amount made available by our basic or primary producers. It has been recognized long since that the degree of unemployment is in ratio to the degree of disparity in earnings as between primary and secondary producers. Our maximum production, employment and consequent prosperity can be maintained only by the equalization of conditions among the various economic groups of our country.

No class of people actually needs more manufactured goods than the farmer. Only a very few of our farm homes are fitted with modern conveniences. At least 700,000 farmers need electrical fixtures, bathrooms and ordinary modern conveniences in their homes. A similar number have farm buildings that need extensive repairs. An equal number need new and more modern implements of production. The extent to which this great potential purchasing power can be brought to the support of industrial employment in post-war years is limited only by the amount our farmers have left to spend after going through the tax mill. For many years prior to the outbreak of the war, while our farmers constituted more than thirty-five per cent of our people, their earnings were only about twelve per cent of our national income. During this life-and-death struggle in which we are engaged our chief occupation must be the production of the necessary weapons to destroy our enemies. The full force of this unbalanced economy, however, will be felt only when our own consumption is again the chief market for our industrial production. A sound post-war Canadian prosperity cannot be achieved by perpetuating agriculture as the loss leader of our economy. For many years the farmer has been the forgotten man. In peace-time depression he was the victim of deflationary tendencies abroad. In war-time prosperity he is the martyr of inflationary fears at home. It is folly to compare the present price of farm products with the price received ten years ago. The degree of error can be calculated only in relation to the prices of other products or the price required to purchase agriculture's true share of the production of a fuller post-war employment.

It is no less alarming to observe the government's failure to appreciate the significance of the other great basic enterprises of mining and forestry. Next to agriculture our forest industry gives the greatest employment and contributes the most to our national prosperity. A wide range of possibilities for expansion has been opened up in this and other countries by recent discoveries and new methods of processing wood products. Yet in research, so badly needed, and all other forestry services the government spends less than is expended on our national parks. No policy has been disclosed that would give encouragement or lend confidence to the expansion of this great industry. The

dominion treasury receives about $80,000,000 per annum in taxes from our forest industries, yet less than one-third of a million dollars is spent annually to assist in the sounder development and expansion of this industry. Its progress and possibilities for post-war employment seem to have been disregarded entirely.

During difficult years Canada's great mineral production was vital to our solvency. It is alarming to find that eighty-four per cent of our mineral production in 1942 was from mines discovered prior to 1920, while only five per cent of our production came from mines found since 1930. These are dangerous symptoms in the development of a resource that is yet only in its infancy, an industry that employs over 100,000 people and is a potential market for nearly $400,000,000 per annum of the production of other labour and services.

The great mining industry as a depleting asset can survive and grow only by new discoveries and new capital. A policy with reference to taxation, depletion and depreciation that would restore confidence and inspire individual initiative to venture and risk is the only sound course to follow if we are to develop these vast hidden treasures for the post-war employment of our boys now overseas.

These basic industries are the cornerstone of our economy. From them we must secure our standard of living. Let us not be turned aside by all these promises of "pie in the sky," for we shall have to come to earth sooner or later, and when we do we shall find that we must develop the great basic resources of this dominion. In their sound development our people must find new opportunities. Our people do not want paternal hand-outs from the government; they need only the cooperation of the government in the development of these splendid resources.

While I am on the subject of mining, Mr. Speaker, I should like to make one suggestion. Perhaps the minister is not aware that the dominion treasury is losing in excess of a million dollars annually from the operations of highgraders which have not been stopped. By operating across provincial boundaries these highgraders are able to elude the vigilance of our provincial police forces, who have tried diligently to restrain this illegal traffic. I would suggest that at the forthcoming dominion-provincial conference an agreement be sought under which the jurisdiction over this nefarious practice may become vested in our splendid Royal Canadian Mounted Police. I am sure if this highgrading, which has grown to be big business, were stopped, the minister would find even greater additional revenue flowing into Canada's treasury than I have indicated.

We have many businesses in Canada which are not connected with mining or other enterprises. Businesses employing fifty people or less form the backbone of the Canadian economy and are the basis from which greater enterprises and capable executives spring. They have carried all the burdens imposed by a war economy of heavy taxation and restriction of supply without the compensation of cost-plus contracts—as many of the larger corporations have had. In preparing this budget the minister seems to have overlooked this valuable element of our community.

I sincerely hope, Mr. Speaker, that this policy of neglecting small business will not be continued. I should like to have the assurance of the minister that when war assets come to be disposed of, no one will be able to corner important surpluses, and that the small businesses will be able to get a fair share on equal terms with the large corporations throughout the dominion.

Following the proposals I have made I move, seconded by the hon. member for Yale (Mr. Stirling):

That all the words after "that" be struck out and the following substituted therefor:

"This house regrets—

(a) that no adequate steps have been taken to simplify the forms and modernize the methods of taxation;

(b) that no effective action has been taken to grant a measure of relief to the men and women in the lower income brackets by raising the exemption in income tax for single persons to not less than $800 per annum and for married persons to not less than $1,600 per annum.

(c) that no provision has been made to encourage greater war-time production by exempting over-time pay from income tax;

(d) that sufficient provision has not been made for the elimination of the inequities presently existing with respect to agricultural taxation;

(e) that no adequate provision has been made to ensure increased post-war employment through the discovery and development of metallic and non-metallic mineral resources;

(f) that the government has failed to make effective the full mobilization of our financial, industrial and material resources, as well as our man-power, but is maintaining a so-called home-defence army, at a cost to the taxpayer in excess of $150 million per annum, at a time when the need for men for army reinforcements, for farming and for industry is so urgent."

In conclusion may I say that this is truly a country of wonderful possibilities. It might well be described, as was another long ago, as "a land wherein thou shalt eat bread without scarceness, thou shalt not lack any thing in it; a land whose stones are iron and out of whose

hill thou mayest dig brass." There is a great heritage awaiting all of us who live here; but before we can enter into it we must prove our worth. We must resist the blandishments of the demagogue who bids us betray our fathers and take where we have not given. While developing our individual faculties we must absolve ourselves from the curse of Cain who asked, "Am I my brother's keeper?" and recognize that each of us individually is responsible, as are all of us collectively, for the well-being of his brothers. The trouble with many who are lured by the prospects so eloquently described by hon. members to my left is that they hope to be freed of their personal responsibility, and to drift serenely on the current of collective responsibility. As anyone can see, this means the abandonment of all responsibility and the passive acceptance of direction by authority.

The strongest, the fairest and the best among us are being tested by fire, far from the kindly influences of home. If we have faith in our destiny at all, we must believe in their virility. Are we to prepare for them a nursemaid state, in which those who claim rights without responsibilities may be spoon-fed on the enterprise of others? Our sons are not serfs or creatures bereft of hope, creative impulse or discretion.

The ingenuity and creative impulse of the individual, which is saving our freedom against the gangsters and dictators abroad, must continue to fashion the pattern of human society at home. Personal freedom and political freedom must march together. Neither can survive alone. Our future security and the several freedoms we each desire are not to be found along the pathway of patchwork politics, faltering leadership, and reluctant reform, which distinguishes those who sit to your right, Mr. Speaker, or along the road of reckless revolution as indicated by those to my left, who would allocate to themselves the power of decision over what is good and what is not good for those who breathe the free air of Canada.

The future of our people and their economic well-being depend upon their native enterprise finding new opportunities for creative action under a progressive policy of rational reform as clearly advocated by the party I have the proud honour to serve.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, my time, unlike that of the speaker for the official opposition, is not unlimited. Therefore of necessity I must address myself to the problems raised in the budget itself. Health and nutrition, which were discussed by the hon. member representing the official opposition, will be the subject of discussion in the house on another occasion, as will also family allowances and other plans respecting social welfare.

I was interested in what the spokesman for the official opposition had to say, particularly in his remarks about man-power. I thought probably he would endorse the statement made recently by the national chairman of the Progressive-Conservative party, Mr. McTague. I wondered at the time why the statement was made outside the house, and why it was not made by the leader of that movement in Canada, Mr. Bracken, who, I believe, was present on the occasion on which the observation to which I have referred was made.

I noted carefully this afternoon, however, that we were told that the thing to do with men called up under the National Resources Mobilizaton Act was to turn that army back into industry and agriculture, where they could be most usefully used. I believe we should use our material and human resources for the winning of this war in whatever field it may be necessary to use them.

The hon. member for Dufferin-Simcoe (Mr. Rowe) of course took a cut at this group and called us socialists who were inclined to revolution, and all the rest of it. Let me say that the nearest approach this country ever made to revolution was under the Tory party between 1930 and 1935. They may try to camouflage their party as much as they like, but it is the same old Tory party with its face lifted. That is the only difference. So that this afternoon I propose to address myself to the budget.

This, like other budgets we have had, is a war-time budget. The first concern of this house is that no financial consideration shall be permitted to hinder the flow of munitions of war and supplies to the battle fronts. We must make certain that everything that this nation is able to do physically to back the attack and safeguard the lives of our service men is in fact being done regardless of money cost. This, I am confident, is the settled policy of the government, as it is, I believe, the will of this parliament. Finance must be secondary to other considerations in the winning of the war. I wish I could say the same of the government's settled policy in regard to the after-war years, and that whatever should prove to be physically possible and desirable should be made financially possible. Without such a policy there cannot indeed be jobs for every one and a full utilization of our resources for an improved standard of living. I fear, however, and the present budget increases my fears, that the government is anxious to hurry

back to the restrictive practices of orthodox finance and orthodox industry. It seems to me that there is a danger that money is to be put back on its throne as the primary criterion of action, and that human need, which has been our guide during the war, is to be dethroned. If so, our fighting men will have fought for a democratic order in which social and economic justice is still sorely lacking. Let us remember always that policies for war and policies for the reconstruction period after the war are indeed one and indivisible. I shall revert to the question of reconstruction before I close. At the moment I want to examine the equity of the budget in relation to the present fiscal year and its incidence upon our war effort.

The minister has properly directed his attention to the plight of the low income group upon whom, in my opinion, the financial burdens of war have borne and are bearing too heavily. Before I make any proposal I wish to take exception to the reference made by the minister to taxation in other countries. Even supposing his comparisons happened to be fair, would the fact that another country overtaxes its poor justify Canada in following a similar course? The minister stated that the New Zealand rates bear more heavily on the low income brackets than do the rates in force in Canada, but what he did not say is that the New Zealand rates include the five per cent social security levy.

Mr. ILSLEY: I did say that.

Mr. COLDWELL: I read the speech very carefully, and it must have escaped me.

Mr. ILSLEY: I said that it included national security and social security taxes.

Mr. COLDWELL: The whole inference, however, is that which I have stated and which has been conveyed many times by hon. members who are associated with the hon. gentleman. To-morrow we are going to welcome the Prime Minister of New Zealand. Let me say that sitting around the Prime Minister are those who last summer, during the Ontario provincial elections, circulated a pamphlet declaring that the New Zealand government's policies were worse than those of nazi Germany. Yet the spokesman for the government, and the official opposition, will welcome the Prime Minister of New Zealand here to-morrow afternoon. I say that the criticism that is often made of other countries does not take everything into account.

For example, the rates which are in effect in New Zealand relieve the population there of very heavy obligations. They do not require the same life insurance, they do not require the same health insurance, the same medical fees, the same medicine, the same hospitalization, and so on. Those things are met out of what are sometimes referred to as tax levies in this sister nation of the British commonwealth. So I say that when we come to appraise what is happening in another country, let us be fair about it and say what the people of that country are getting for the levies they pay. By comparison, Canada falls well at the foot of the list of nations with social security programmes.

I turn now to the minister's proposal that forced savings be abandoned. Let me say to him at once that I am glad it has been found possible in the light of our financial position to lower the total levies upon these people. That, of course, is the immediate effect of the proposal, and I am glad it has been found practicable to risk this reduction without danger to our war effort. However, what the government proposes is in effect the taking away of the rose and leaving the thorn. If it is necessary to collect money from the low income group, why should it not be taken in the form of refundable savings rather than in the form of pure taxes? What we propose is this: let the full amount to be paid by the low income groups at the new rates be paid in as savings to be returned with interest after the war. Pure taxation could start with the higher incomes, and at such a point the proportion of refundable savings could taper off. The rates on the lower incomes proposed by the government can remain in force; the same total revenue would be made available for the war effort, but the burden on the substandard wage and salary earners would be lightened through the return of their payments after the war.

I believe that when I say this I speak for the vast majority of the Canadian people. Statistics of the 1941 census revealed that sixty-two per cent of all—I would draw attention to the word "all"—wage and salary earners made less than $950 a year. If these people must be taxed, let some or all of their taxes be refundable after the war. If exemptions are not to be raised substantially above the present levels of $660 for single persons and $1,200 for married, surely what we propose is the fairest course of all. I think our proposal will be found both equitable and practical. Refundable savings in the hands of those who will need them most in the post-war years is highly desirable. In the minister's own words, "a reserve of savings will be of great value to the individual and the nation after the war."

Needed purchasing power would thus be put into circulation to assist in maintaining employment. The danger of inflation during

the war would be curtailed, but in addition—I regard this as most important—deflation would be forestalled after the war. As for war production, it would be stimulated further under this proposal than under that of the government; for added incentive would be given the low income workers through the knowledge that whatever they paid in now would be refundable to them after the war. As for the administrative machinery with regard to these refundable savings, it has been built up and it ought not to be dismantled.

Let me quote in further support of this proposal the survey of the Canadian publishers' war finance publicity committee. A cross-section of the people were asked, "How long could you get along if you lost your job?" The replies reveal that over fifteen per cent could not get along for as much as one month, and many of those expressing no opinion must be added to this group. Another thirteen per cent could not get along for more than two months. If, therefore, collections must be made from the low income groups, let them be made in the form of savings returnable with interest in the after-the-war years. But alternatively I propose, and this proposal is to my mind the most equitable of all, that the exemption on low incomes be raised. Single incomes of say $1,000 or less and married incomes of say $1,500, or $1,600 a year, as has already been moved to-day, could be exempted altogether from either forced savings or taxation. The necessary revenue can then be found in the retention of refundable savings in the higher income brackets and an upward revision of the high income rates; indeed even, as I have suggested before, putting a ceiling on high incomes.

It is strange that at this time, when Great Britain is continuing refundable savings both as an equitable war measure and as a lever for post-war reconstruction, this government should find that the only way to afford taxation relief is to abandon this feature, this device of compulsory savings refundable after the war. In my opinion, as I have already suggested, there are other fairer ways of affording the needed relief.

The tax proposals that I have just put forward are essentially directed toward a democratic realization of fairer income distribution throughout the entire nation. In that direction, Mr. Speaker, we think lies social justice, individual security, and a conception of national unity as yet undreamt of.

The minister boasted in his speech that our public debt is widely held, and I confess that much has been accomplished during the war along these lines. Much too has been accomplished in relieving the nation of foreign obligations, a fact which convinces me that this country is able to stand on its own feet economically if it but has the will to do so. But much remains to be done in the matter of fairer distribution of income.

During the fiscal year 1943-44 some 58 per cent of the victory loans were subscribed by special names and corporations. Furthermore, the government supplemented its borrowings through victory loans by loans from private banks to the extent, in round figures, of $170,000,000, and by the issue of treasury bills. Thus there is already a substantial portion of the public debt in the hands of a few. But what is worse is that the concentration of wealth may be seriously aggravated after the cessation of hostilities as small holders sell their bonds to the banks and to other financial concerns. May I say just here that that is where the refundable nature of the levy might assist us after the war. At one point in his speech the minister says that substantial numbers of bonds will be cashed in by small holders in the immediate post-war period, and at another point he states that the debt will be widely held. Yet it will be the speculators and the big holders who will be taking up the cashed bonds after the war.

The present concentration of wealth in their hands will in my opinion after the war be intensified because our present taxation methods make that almost certain. With this and other factors in mind the party which I have the honour to represent have proposed that the government guarantee victory bonds to the extent of one hundred cents on the dollar for the protection of the small holders against depreciation or speculation. The large holder can indeed hold the victory bonds to the date of maturity, when he will collect one hundred cents on the dollar. Further, we have consistently proposed that the tax structure be adjusted so that the financial burden of the war will fall where it can best be borne, not so much on the little men but more heavily on the war profits and incomes of wealthy individuals and the large corporations.

Further, we propose that the chartered banks be nationalized so that essential war and post-war financing can be accomplished at the smallest cost to the people through the medium of nationally-owned banks controlling currency and credit in terms of the nation's need. Speaking of banks, it is utterly fantastic that the government should pay interest to the banks on money which it has itself created by the issue of government securities. Yet that is what is being done.

Mr. ILSLEY: May I ask the hon. member a question?

Mr. COLDWELL: I did not interrupt the minister when he was making his speech, and my time is limited. I say that that is what is being done, and bank profits, and, of course, the notorious inner reserves, largely stem from this financial sleight of hand. This is not a trifling matter at a time when the banks hold, according to the member for Parry Sound (Mr. Slaght), and I did not hear his statement contradicted, some $2,500 million in government securities, on which the government must pay annually in interest some $35 million.

I have tried to show that the budget proposals are less than fair to the small man. Now I intend to show that they are more than generous to the entrenched interests of this country. Nevertheless I do not criticize it in its entirety. Many of the provisions proposed merit the approval of this house: recognition of medical expenses incurred outside of Canada removes an anomaly from the previous budget; allowance of tax deductions to the blind is clearly just; widening of the definition of dependents, and particularly, if I may dare to say so, the inclusion in the definition of illegitimate children, a point I have often raised, is a welcome step; relief to the hard-pressed payers of alimony is also justice; provisions liberalizing the status of superannuation funds, particularly of organized labour, are both necessary and wise. Other features, too, deserve to be commended, but I cannot mention them in my limited time.

I congratulate the government upon the removal of tariffs from farm machinery, but I point out that this step, promised by the Liberals since 1919, is a mincing step, not the giant stride which the situation demands. Farm machinery is monopoly-controlled through the method of "price leadership". I do not think anybody who was on the agriculture committee will deny that. We saw that the prices for farm machinery followed the prices of International Harvester company, which dominates the field on both sides of the border. This is the sort of stubborn fact which the government ought to be facing up to at the present time.

In 1937, when the tariff on farm machinery was reduced, not only did prices to the farmer fail to fall but they actually rose. That is why the parliamentary committee was set up, and the recommendations of that committee still remain to be carried out. Therefore I urge upon the government the necessity of converting some government-owned war-time plant to the peace-time production of farm machinery, under, and this is vital, cooperative ownership, or at least some form of government ownership and control. Only then will the farmer receive his just due in the way of fair prices for machinery.

[Mr. Coldwell.]

Turning away from the small man to the other side of the picture, what do we find? We find that the budget contains substantial and, I think, undeserved concessions to big business and an enlargement of those concessions from previous years' budgets. These concessions, I believe, flow from a mistaken philosophy, which says in effect that private enterprise must be cajoled and induced to the point of giving employment. The government is asked to make various tax and tariff concessions, to give monopoly a free hand, in effect to bolster business projects by devious means, to assume the risk of unprofitable ventures itself. This is not free enterprise as it was understood by our forefathers. But appeasement on the part of the government here as elsewhere fails, and returns ultimately to plague the very inventor of it; for, apart altogether from the objection that while the people are called upon to pay the shot it is private interests who stand to make great gains, such appeasement will never succeed in promoting full employment. Even with the help of costly concessions exacted from governments, private enterprise cannot carry the load. National planning and public endeavour must be the keynote of post-war expansion. It will be fruitless and, indeed, costly to engage in attempts to prop up the rotting structure of monopoly capitalism.

The minister states that the taxation treatment of business during the war has been severe. On the surface this appears to be true. There is the excess profits tax. But delving below the surface, the opposite appears to be closer to the truth. Average profits for the four years 1936 to 1939 inclusive are assumed by the Excess Profits Tax Act to be "fair" or standard profits; yet the net income of corporations for the year 1942, the latest for which I could find all the figures available, after payment of all taxes, was twenty-nine per cent higher than this average. My figures were taken from the statistical summary of the Bank of Canada. And over and above war profits as such, business interests are securing indirect war concessions. Through special depreciation they are able to obtain plant and facilities paid for by the people. Through capital assistance they are put in the position of being able to acquire war facilities for little or, in some cases, indeed, for nothing. Through ploughed back war-created profits they are able to increase their capitalization without recourse to new investment from the public. In short, business, but more especially big business, has been digging in during these war years. In this perspective, the various indirect conces-

sions to big business contained in the proposed budget ought not to be approved by this house. Considering, too, the prospects for the post-war period, I think we should consider some of the projects that ought to be undertaken in that post-war period, and therefore I will move, seconded by Mr. Gillis:

That the amendment to the motion be further amended by adding thereto the following words:

This house regrets, further, that the government has failed to make provision or plans for the expenditure of, at least, five billion dollars during the first two post-war years for the purpose of establishing a comprehensive national system of social security and of maintaining full employment through public investment in such projects as a low-cost housing programme in town and country, rural electrification, the conversion of government-owned war plants to the production of peace-time goods, the public development of Canada's oil and mineral resources, the promotion of scientific research, and artistic and cultural work throughout Canada.

I move that as an addition to the amendment and therefore as a subamendment to the motion.

In addition to the general appeasement of big business which lies at the heart of the government's policies, what new specific concessions are contained in the budget now proposed? Let us take a look at them. There is, for instance, the proposal that business losses can be chargeable for taxation purposes against profits of the previous year or of the succeeding three years. Perhaps this is desirable in the interests of stability, but we may as well face up to it; it is clearly equivalent in its practical effects to an actual reduction in corporation taxes. That should be understood, and I should like to have the assurance of the government that the farmer will be given at least an equal chance to level out his income for three, four or five years.

Mr. ILSLEY: Certainly. He is included.

Mr. COLDWELL: I am glad to have that assurance from the minister. I took it that it applied to the businessman. The minister's speech was not clear on the point and I am glad to get that assurance, because I believe that is particularly necessary to-day when fluctuations in the farmer's income are often the result of government policy or due to some request made by the government itself.

Looking at some of the other budget concessions, we find that depreciation at double the rates normally allowed is to be permitted in respect of certain investments. Here is another instance of the familiar subsidizing of private enterprises that cannot stand on their own feet. Its plain meaning, as I take it at least, is that the taxpayer is to put up one-half of the new investments but will get nothing in return. The minister will have an opportunity of explaining whether or not my conception of what he proposes is wrong. Let me give another instance, that of deferred maintenance including underground expansion in mines. That is to be deducted from taxes, and that, in my opinion, means that the taxpayer contributes to the cost of operation of private enterprise in that respect. The resolution that dividends of wholly owned subsidiaries of non-resident companies be exempt from taxation is another concession. It seems to me, if I remember the experience of the corporation correctly, that this would, for example enlarge to some extent, if not substantially, the already large profits of Aluminium Limited, which holds a large number of subsidiaries outside Canada.

Again, the resolution allowing the oil industry a tax credit of fifty per cent in respect of new wells is costly and, in my opinion, undeserved. No industry has been more profitable than the oil industry. No industry is entrenched in this country so strongly in its monopolistic position. Imperial Oil, subsidiary of Standard Oil of New Jersey, controls the major portion of the oil industry of this country. A few years ago, according to the price spreads inquiry, it controlled something like ninety per cent of Canada's oil industry. That, however, may have fallen a bit in recent years. Must the public, then, assume the risk of drilling new wells while private shareholders reap all the resulting profits? Is this subsidizing of private interests something that is in the tradition of free enterprise? I say it is not. Can the oil industry, requiring special inducement for the drilling of new wells, be considered as fulfilling its so-called free enterprise function to the community? Research costs may be legitimately deducted from taxable income, and we are doing that for private industry. Will the government give its assurance that public research through some agency such as the national research council will be pushed with all vigour after the war is over? I believe that our national research council and the young scientists associated with it have been virtually starved in recent years. The very best of our young scientists are driven away from our national research organization which ought to be one of the principal means of industrial and economic progress in this country.

I wish to say before I conclude—and my time is now drawing pretty close to its end—something about the prospects of the post-war years. The budget speech recognized how

closely interwoven are the war and the after-war years. I think that is clear, though in my opinion the minister's proposals conspicuously fail to offer a lead toward a solution of the dilemma of our time. That dilemma is the dilemma of want amid actual and potential plenty. Our fighting men deserve the best. They must not be allowed to return to Canada as a part of the world of yesterday. Therefore I say, lest this happen as it happened after the last war, let us prepare now for the expenditure of at least $5,000,000,000 in the two years following the war. Why have I made that suggestion so frequently to this house in the last two or three years? Because I believe that in planning our post-war activities we should have a target and the assurance that certain moneys will be available and that this parliament is prepared to appropriate them. If we can appropriate, as we are doing this year, more than $5,000,000,000 in one year for the prosecution of the war, then we ought, as a very minimum, to say that we are going to commit parliament to the expenditure of $5,000,000,000 for the two years following the war. I believe, if we do that, we can get our people to plan comprehensively to meet post-war needs in housing, electrification and all the other things which would improve the standards of life in this country.

I fear the future unless we have comprehensive plans. I believe that some of the countries of the world are going to undergo great economic and social upheavals. In spite of what another hon. member said to-day, they are the party promoting revolution. We want to see orderly democratic progress made in our country. That is the purpose for which we organized and the way in which we desire to lead public opinion in this dominion. This expenditure, set beside our war expenditures, seems paltry, but it is, I insist, the minimum figure. It is at least a target to shoot at, something solid on which to hang our hopes for a better Canada to come.

By pledging this we demonstrate the sincerity of our desire to build a new world. The governor of the Bank of Canada and the report of the James committee on reconstruction agree on this, that capital investments of a billion and a half dollars annually must be made in order to achieve jobs for everyone after the war. These are not my opinions. These are the opinions of the chairman of the James committee and the governor of the Bank of Canada. Therefore you see that the suggestion of $5,000,000,000 in two years, which we made two years ago, is not so far beyond the mark as most of our critics suggested when we made it. Private enterprise, by itself, has not the remotest chance of meeting this total. Even the optimistic forecasts of its propagandists fall far short of it. What is needed is a new freedom to organize production in the public interest. We must bid good-bye to the restrictive practices of orthodox finance and orthodox industry whose only care has been the making of private profit.

Let me quote, Mr. Speaker, from none other than Winston Churchill himself in his book, "The World Crisis—The Aftermath." Speaking of the close of the last great war the present Prime Minister of Great Britain had this to say. While I do not agree with all that Mr. Churchill has said or done, I agree with the statement that he made at the close of the last war, which I am going to quote. He said then:

> The organization and machinery of which we disposed was powerful and flexible in an extraordinary degree. The able businessmen among us, each the head of a large group of departments, had now been working for a year and a half in a kind of industrial cabinet. They were accustomed to unexpected changes enforced by the shifting fortunes of war. There was very little in the productive sphere they could not, at that time, actually do. A requisition, for instance, for half a million houses would not have seemed more difficult to comply with than those we were already in process of executing for a hundred thousand aeroplanes, or twenty thousand guns, or the medium artillery of the American army, or two million tons of projectiles. But a new set of conditions began to rule from eleven o'clock onwards. The money-cost, which had never been considered by us to be a factor capable of limiting the supply of the armies, asserted a claim to priority from the moment the fighting stopped.
>
> The return of the cabinet to money-cost as the sole governing factor wrecked the dream and the war-time pledge that the British expeditionary force should return in 1918 to "a land fit for heroes." The heroes came back to stagnation and the dole.

In this country we have disregarded the money-costs for the destructive purposes of war. Let us do likewise for the constructive purposes of peace. After all, money is but the medium of exchange. If we fabricate the physical assets, if we can make the commodities, surely we should be able to distribute them among our people and the nations. As has already been said this afternoon, we have to-day one of the most highly trained groups of young men that the world has ever seen. The mechanized army, the men in our air force, have been trained in the operation of machines, in the knowledge of machines, in a manner that no other generation was ever trained. We hope that most of them will come back to us when the war is over. How are they going to live? They are not going back to the bread lines; they are not going back to riding the rods; they are not going back to

low wage levels upon which they cannot live. The manner in which we have treated the youth of this country who have entered the armed forces, and quite properly so, has given them a new outlook on standards of living. We who travel across this country by rail see the young men and women who before the war would have travelled in the coach, travelling, and rightly so, where they belong, in the sleepers. We see young men and women who would have snatched a lunch at a counter or who would have brought a sandwich-box, go now, and quite rightly, to the dining-car on the train and get a decent meal. We have given our young people a taste of the better standards of life. You cannot bring them back again to the kind of standard of living most of them had before the war began. I see nothing in this budget, and too little in the proposals of the government now before the house, to give any assurance that our standards will be raised willingly when the war ends.

Therefore, Mr. Speaker, while one could have advanced other criticism of the budget; while perhaps some of my criticisms will be met in argument from the other side of the house—and I hope they will if in any respect I am wrong—I feel that this is indeed a rich man's budget. It offers a sop to the poor and underprivileged, but on the other hand it contains most valuable concessions to the rich and powerful individuals and corporations who to-day control this land. That, Mr. Speaker, is what I wanted to say.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, the two speeches to which we have listened this afternoon have been of a very high order. Generally speaking, I believe we will all agree with the sentiments expressed in them. I am sure each of us was impressed with the closing words of the hon. member for Rosetown-Biggar (Mr. Coldwell), who said that our boys and girls would not come back to riding the rods. I am afraid too many of us are content with making that statement; but I would venture to wager that if the Liberal government is returned to power, right after the war they will come back to riding the rods, and if they try to do anything about it they will be met with aeroplanes and tear bombs. That is a very gloomy thing to say, but all the evidences I can see in this house and in the banking and commerce committee, where I have had the privilege of serving for some weeks, would indicate to me definitely that there is to be no change which would in any way justify one in expecting that conditions after this war would be any different from those which obtained after the last war. If I have overlooked any such changes I should be happy to have any government advocate point them out to me.

These are critical and momentous hours in the most critical and momentous period thus far known in our long and eventful history. Signs would indicate that we are now nearing victory and peace. The peace arrangements will provide us with the answer to a burning and insistent question: Is the second world war to have been fought for freedom or for the enslavement of mankind? The tides and winds are all set for the enslavement of our civilization. Unless the financial and economic thinking of our governments changes radically, the enslavement of mankind will be inevitable. I shall be be asked, "What factors do you observe which seem to indicate the introduction of slavery for mankind?" There are many such factors, but I shall mention only seven this afternoon.

The first factor is debt. It will be noticed that all the democracies are plunging into debt at a rate that is positively appalling. Those who are in high positions, who carry the responsibility of the war, of course are endeavouring to minimize in the minds of the people the seriousness of the situation. But when the president of our Bank of Canada in his annual report to the minister this year sounded a warning to the minister and the country, though in a veiled, guarded and conservative manner, I should think that fact ought to be sufficient to indicate that already we are far beyond the safety point in the accumulation of debt.

The second factor is our taxation structure. It is true that this structure has been modified to some extent by the minister after having mercilessly crushed the people of Canada during the last year or two, but the indications are that a system of taxation is being carefully prepared, which can be fixed upon the Canadian people and which will persist for many years after the war. Debt and taxation produce slavery.

The third factor is bureaucracy. It is true that there are complexities in the environment surrounding us which to the ordinary individual make bureaucracy appear a necessity. Certainly we have established in Canada a bureaucracy which should satisfy even Hitler, and which is functioning with smoothness, precision and an irresistible power which I am sure is quite satisfatory from the point of view of the bureaucrats. The people are becoming accustomed to that sort of government. Bureaucracy may be efficient, but it enslaves.

Another factor which is tending to enslave the world is abundance. One would think that when man invented great machines which

would lift from his shoulders the burdens of life and bring into existence an era of abundance such as his ancestors never even dared dream might be possible, the invention and introduction of such machines would be an introduction to a sort of paradise. Yet what has been the result? The more goods we have been able to produce, the more restricted our lives have become; the more it has become necessary, apparently, to control all those who are engaged in both production and consumption, until now we have a substantial party in the Dominion of Canada advocating, and being listened to while they advocate, complete government ownership of industry. That is being listened to by the Canadian people simply because they are being driven to a species of despair. They are being driven by whom?—by the Liberal party and by their counterparts in other nations. They are being driven by the Progressive Conservative party, because they have not sufficient vitality to suggest any substantial change that would impose even upon a schoolboy.

Consequently the people are going to say, "Well, if there is not anything else we can do about it, I guess we shall have to have government ownership, and anything that goes with it." And so we have the votes for socialism—no, not for socialism, exactly, but for something different from the horrible things the people have been enduring for the last fifteen years.

What is the reason? Abundance. Abundance can crush a people, unless those people know how to distribute that abundance. During the war our ability to produce abundance has been enhanced surprisingly. I believe it was Doctor Charles A. A. Stein who, within the last two years, said that, since war broke out, the amount of raw materials available in the United States had increased between ten and one hundred times. That is simply because new processes have been discovered, as a result of which men are able to make almost anything out of almost anything. At the same time increased skill in the management of machines and technological processes has taught men how to use these new continents of matters which have been discovered for the fabrication of abundance. But up to the present time, astonishing as it may seem, no one has been able to get the ear of any substantial number of people with any proposal as to how to distribute that abundance. This strikes me with the deepest apprehension.

[Mr. Blackmore.]

Another factor tending toward the enslavement of man is this very inability to distribute. And I think, too, that worse than the inability to distribute is the impatience which I notice when I undertake to discuss with the average group of people anything pertaining to distribution. People seem to think it does not count. Well, it does count. The ability to distribute does count.

Another matter which in my judgment is threatening enslavement is the fact that our people generally throughout the country are so completely unfamiliar with the new and strange conditions confronting them, that they do not know what it is all about. They are unfamiliar with the essential changes which have taken place. How rarely do we hear in the house, for example, any sober exposition of the impact of machines upon our economy? I believe this year the only member who has been sufficiently intrepid to discuss the matter has been the hon. member for Jasper-Edson (Mr. Kuhl); and he has been rewarded for his pains by at least half a dozen offensive remarks.

Why is it that we do not hear government members discussing the seriousness of the impact of machines upon our economy? Sometime between 1913 and 1928 we rounded some mighty corner in this world. We left an age of scarcity and sped into an age of abundance. Nevertheless we hear no serious discussion of the matter among members of the Progressive Conservative party, and there is no reference to it at all by the Liberals. And yet these two groups constitute by far the majority of members in the house.

Why is there so much indifference in respect of these important matters? It must be that there is an indifference among the people in the constituencies represented by those hon. members. The people, generally, are unfamiliar with the adjustments which can and should be made to meet the new situation. They are unfamiliar with the educational equipment necessary to enable a democratic people to judge of the soundness of the various proposals available to them. Hon. members will find something of thought-provoking quality in the Ottawa *Citizen* of June 28 where, at page 2, appears an article respecting a survey conducted by the Canadian institute of public opinion. It appears under the heading, "What is the meaning of inflation? But few Canadians have the answer." We read that a careful survey was made of the people respecting the matter of inflation. Even among people with complete college educa-

tions only thirty-three per cent had good answers; another twenty-eight per cent had only fair answers and the remainder were absolutely wrong as to the meaning of inflation.

Then, coming down through the various groups, including the college group, incomplete; high school, complete and incomplete; public school, complete and incomplete, we find the people displaying an alarming ignorance on the question: What is inflation? Some members will ask: "What bearing has that on the subject you are discussing?" Well, the bearing it has on the subject is simply this, that the very moment anyone suggests a monetary solution as being the way out, he is immediately met with the statement, "This will cause inflation." Then the rank and file of the people, not knowing anything at all about what inflation is, or how it is caused or how it can be controlled, are deluded by clever political advocates—and I shall use that word, to be charitable. The result is that we remain in danger. A very serious element in the threat of enslavement is the lack of information which prevails among the Canadian people, and to an equal degree, probably, among the peoples in other democratic countries.

Another influence working for the enslavement of man is that in all the democracies the political parties, generally speaking, are endeavouring not to give the people the truth, but rather to deceive them. I have commented on this matter in times past. You hear Liberals devoting most of their time to extolling the virtues of trade. Any informed man knows that the possibilities of trade as a means of solving the problems which present themselves to-day are exceedingly limited. Therefore he should inform his constitutents, but he does not. He deceives them. He leads them to believe that the raising or lowering of tariffs is a panacea which will cure the ills confronting them. Any well informed man must know that the effect which tariffs have on the solution of our problem is extremely negligible. So that we have people being deceived.

In addition to that we have world agencies, such as international finance, definitely working for the enslavement of mankind through world organization. Such agencies are advocating economic planning and socialism as a means of obtaining security. They receive support simply because they promise security. They advocate a world police force because people can be deluded into thinking that a police force will mean peace. They advocate monetary stabilization because people can be deluded into thinking that monetary stabilization will greatly facilitate trade. These international organizations are working with an elaborate, highly organized propaganda machine.

I have named the several factors which are threatening to destroy the freedom of man. What is the present government offering as a solution? Nothing. What does the present budget offer by way of a solution? Nothing. All that this government is able to propose is an increase in debt or an increase in taxation. It talks about increasing international trade. I shall have something to say about this later on. The King government can conceive of no method of distribution except that of international trade. That is all we hear spoken of by the Prime Minister (Mr. Mackenzie King) and his supporters. This means that they advocate a struggle for favourable trade balances, which means that they advocate a resort to a system under which each of fifty odd nations must sell more than it buys.

Mr. ILSLEY: Why does the hon. gentleman say that?

Mr. BLACKMORE: Because without a favourable trade balance it is impossible for them to carry on. Is it not so? As far as I have been able to gather from the remarks I have heard, there has to be a favourable trade balance.

Mr. ILSLEY: To say that there has to be a favourable trade balance is different from advocating international trade.

Mr. BLACKMORE: That needs a great deal of elaboration which has not been given on the floor of the house.

Mr. ILSLEY: It does not.

Mr. BLACKMORE: International trade is a system that has failed to distribute and has involved us in war after war.

Mr. GARDINER: How can you distribute without trade?

Mr. BLACKMORE: That is just a typical Liberal question. Liberals can see no other way of distributing. The question supports completely what I am saying.

Mr. GARDINER: What do you propose?

Mr. BLACKMORE: I shall have something to say about that before I have finished; all things in their place. The simple fact of the matter is that the Liberals know of no way of distributing except through international trade. When that breaks down, their whole distributive machinery breaks down.

Mr. DUPUIS: What will you do with your surplus production?

Mr. BLACKMORE: I shall have something to say about that; all things in their place. I am saying that international trade cannot be relied upon as an adequate means of distributing. This has involved us in war after war.

Mr. GARDINER: Would you distribute where there is no nation?

Mr. BLACKMORE: The other day when discussing reconstruction the Prime Minister named several of the committees which had been appointed by his government to study reconstruction. I wonder how many of us have read the recommendations of those various committees. If we have, I think we shall be astounded at the lack of anything constructive in those recommendations. They have simply added to the difficulty which has been created already by insincerity in the house. The obscurity and insincerity of parliamentary debate have served to confuse and confound the people of Canada. It is the solemn duty of parliament to give the people light. Party politicians have in fact left them in all-embracing darkness and fog. In these circumstances, therefore, it is natural that the people should swing from one extreme to the other, from the orthodoxy of capitalism to the orthodoxy of socialism. It is the duty of Canadian leadership to show the people that both of these orthodox ways are false and that the true way must be based on freedom. In either of these false orthodox ways there is no freedom. To have economic security Canadians must reform capitalism. To have freedom, Canadians must retain freedom of enterprise, freedom of speech, freedom of action, freedom for the obscure people as well as for the prominent.

In the report of each and every one of the committees on reconstruction appointed by the Mackenzie King government there is a blind adherence to obsolete and bankrupt formulas. There is not a hint of change. The voice of each committee sounds like the voice of big business speaking through its mouthpiece, the Prime Minister of Canada. If individual enterprise is to be bound to function under the restraints and prohibitions imposed upon it by the present government of Canada, then individual enterprise will, indeed, be short lived.

Individual enterprise under a reformed monetary system would have the power to give greater security than has socialism. And such security it can give without impairment of individual freedom. It must be the duty of every lover of democracy to fight to liberate our system of individual enterprise from the prison house of international finance so that it may bring the people the security to which they are entitled.

Wherein lies the key to the solution of our perplexing problems? A minute ago the Minister of Agriculture (Mr. Gardiner) asked what we would do. I am going to speak in general terms, but I think my words will clearly indicate the solution. It lies in the adequate use of the national credit of each of the various individual nations. What is the essential nature of our problem? It is how to distribute. Mankind has learned how to produce what mankind requires. What men must learn is where and how to obtain purchasing power and how to distribute that purchasing power among the people and among the nations.

Then the consumers will be able to buy their needs; the producers will be able to sell their products. The wholesale textile association of Great Britain, in the second report of the post-war reconstruction committee on international finance, issued in March, 1944, quotes Sumner Welles as saying on March 30, 1942:

> The problem which will confront us when the years of the post-war period are reached is not primarily one of production. For the world can readily produce what mankind requires. The problem is rather one of distribution and purchasing power, of providing the mechanism whereby what the world produces may be fairly distributed among the nations of the world, and of providing the means whereby the people of the world may obtain the world's goods and services.

Where now can money or purchasing power be obtained without additional taxation, without additional debt? Money can be created by the government of any sovereign state as, for example, Canada created $26,000,000 and spent it into circulation in the last war, or as the United States in time of distress created greenbacks. I am not advocating that money be created by printing bills. There are other ways. But the principle of creating national currency debt-free is the principle upon which a new economy and a new order must be based. The amount of such money that can be safely created and used by any state depends upon the goods and services which that state can produce and consume. A number of members have been struggling in the banking and commerce committee to get a little light to shine on the pages of the proceedings of that committee. I believe that we have succeeded in establishing that fact.

Mr. HOWDEN: Would the hon. member permit a question?

Mr. BLACKMORE: Gladly.

Mr. HOWDEN: Is it your suggestion that the government produce currency and distribute that currency to the people of the country?

Mr. BLACKMORE: The suggestion is definitely that the government produce the currency and distribute the currency, and the currency will enable the people to buy the goods produced, thereby providing a market, providing distribution and providing consumption. The first question that will come into the hon. member's mind will be, "Oh, that would be inflation, would it not?"

Mr. HOWDEN: If I may say so, there has been a great deal of ambiguous talk that one finds it hard to understand, and I just wanted to pin the hon. member down on a certain point. Now I am satisfied. Thank you.

Mr. BLACKMORE: You have never had any difficulty in "pinning me down" on that point. I have said that thing with clarity at least one hundred times since I have been in the house, so that the poor wayfaring man, though a fool, need not err therein. Any state by increasing its production and consumption can increase the amount of money it can have, and the amount of money which it can have depends on the goods and services which it can produce and consume. Thus obviously, the state can increase its revenues by increasing its goods and services.

Mr. GARDINER: It does not produce all the goods and services which the people require—

Mr. BLACKMORE: Then its business is to go about doing it.

Mr. GARDINER: —unless it wants to ruin somebody else.

Mr. BLACKMORE: I realize the difficulties which lie in the way. Let me say this to the minister. The moment any person offers a suggestion you look at the difficulties. We grant the difficulties. But how many difficulties are there in the way of your trade proposals or any other proposals? Study the two together and see under which set of proposals you have the better chance of coming through.

Mr. HOWDEN: On what basis would this currency be distributed?

Mr. BLACKMORE: On this basis, that the object of the government would be to enable the people to buy enough of the goods they are able to produce.

Mr. HOWDEN: By what means?

Mr. BLACKMORE: Through modifications of price and modifications of income. Those are two adjustments which I should be glad to elaborate to the satisfaction of the hon. member. But I have not the time now. I have only forty minutes. I am talking against time. But that is the solution and the method. The state increases the income in the hands of the people, income which they will spend to enable them to purchase their needs from what they produce.

Mr. HOWDEN: The question is, how?

Mr. BLACKMORE: You do it through two devices, by modification of price and by modification of income. You had an example of modification of income in the Prime Minister's proposal to give family allowances. There is a modification of income. Anyone with the intelligence of a member of parliament should be able to go further and work the whole thing out.

The debt-free money available to the government of any state can be used, just as I have told the hon. member, to modify the price structure in that state—raise prices that need to be raised and lower prices that need to be lowered—and to increase the income in the hands of its people. The whole thing is done by the use of debt-free money.

Mr. HOWDEN: Debt-free money is the answer.

Mr. BLACKMORE: Debt-free money is the key to the solution. It is the basis upon which the whole thing can be worked out. My hon. friend is a doctor, is he not?

Mr. HOWDEN: I used to be.

Mr. BLACKMORE: He knows what a tremendous amount depended upon the discovery of anæsthetics.

Mr. HOWDEN: Quite so.

Mr. BLACKMORE: In the discovery of anæsthetics you had a great principle on which you could work. When you discovered that principle you could build upon it. The principle of debt-free money is a principle upon which you can work. Your money can be used to modify the price structure in the state and to increase the income in the hands of the people. Thus internal distribution can be provided for. That is the answer to the question of the Minister of Agriculture. International distribution can be effected by Mutual Aid arrangements, and Mutual Aid can be financed in considerable measure with debt-free money created by the state and spent into circulation, without any increase in debt and without any increase in taxation. Just as soon as the

governments of the world come to understand that, they will not be afraid of increasing and elaborating their Mutual Aid agreements to the extent that the international distribution of goods will be based upon mutually acceptable arrangements rather than upon cut-throat competition, which works to the disadvantage of the weakest nations, the ones most in need of trade. Through cut-throat competition they lose their trade.

Mr. HOWDEN: Finally your solution consists in the distribution of debt-free money?

Mr. BLACKMORE: Yes, the distribution of debt-free money up to the limit of the nation's capacities to absorb that debt-free money by reason of the goods and services which the nation produces. That money is used in raising the standard of living in the economy.

Thus Mutual Aid can be extended to the degree necessary to enable all peoples to be free from want and free from fear. Thus trade rivalry can be reduced and eliminated, and thus the main cause of war can be removed.

I suggest, Mr. Speaker, that the government call in one of these many committees on reconstruction, perhaps the present reconstruction committee of the House of Commons, and say to the chairman, "Now look here, you are perfectly at liberty to call witnesses and examine papers to discover whether or not there is any validity in this contention of monetary reform. Go into the matter with very great care and call in as witnesses the men who know about it."

Mr. GARDINER: We called Douglas the last time.

Mr. BLACKMORE: And he would have done an extremely good job, but for men like Hackett who did everything they could to hurt him and prevent his voice from being heard. If you call men like Douglas and have a committee that is sympathetic and ready to learn, and that is not trying to destroy him politically, not trying to get some little thing which it can magnify out of all proportion as certain Liberal members on the banking and commerce committee are doing to-day, you will learn a great deal of truth. I suggest that the government adopt that policy with at least two or three of these committees on reconstruction, and I guarantee that within a year they will have a great deal more light on this vexatious problem of distribution than they have to-day.

The governor of the Bank of Canada in his annual report has indicated what the possibilities would be if we began to create money to represent the tremendous capacity for production which we shall have immediately at the close of the war. I commend to hon. members the remarks made by the governor of the Bank of Canada on page 11 of his annual report to the Minister of Finance (Mr. Ilsley). He says:

> By the end of 1943 the gainfully occupied population had risen to approximately 5,100,000 but about 1,900,000 of these were engaged in the armed forces, in supplying the weapons of war, or in producing the food required for special war-time exports. The number available to meet civilian needs had therefore fallen to about 3,200,000, but at the same time the average standard of living had risen materially and was probably higher than it had ever been.

How serious that is, and imagine what will happen when the others return and are producing goods themselves!

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. THOMAS FARQUHAR (Algoma East): Mr. Speaker, in taking part in this debate I wish to say, first, that I am sure we all greatly appreciate what has been accomplished by the Minister of Finance (Mr. Ilsley). His accomplishment has made it possible for Canada to carry on a war effort which has brought praise from outstanding men in all the allied nations. The Minister of Finance has indeed proved himself a great financier. To raise eight billions of dollars loaned from the people of Canada would appear almost an impossibility for a country with the population that we have, and it is indeed a great achievement. Notwithstanding this, the people of Canada are better off financially than they have ever been. I am informed that the savings accounts to-day are two and a half billions as compared with one and a half billions when the war began.

The one dark spot in Canada's war effort has been the lack of cooperation the government has received from some members of the opposition parties. It is indeed a sad thing in time of war that men cannot forget their politics and give the government some co-operation. We have been here now for five months and it looks as though we shall be here two or three months longer, when many of us should be at home doing more useful work. I am sure the people of Canada do not appreciate the actions of some members of the opposition parties.

I wish to speak to-night for a short time on what is, to my mind, a dangerous policy which is being advocated in this country at the present time, and the seriousness of which I feel is not fully realized. I refer to the policy advocated by the Cooperative Commonwealth Federation party as it affects the country generally and especially as it affects the farmers and organized labour. Some members of the C.C.F. party go so far as to deny that their policy includes the socialization of farms. Whether that is their policy or not, I think we have sufficient evidence to prove that at least a great many workers and organizers of the C.C.F. party are advocating and admitting frankly that the nationalization of farms is C.C.F. policy. A short time ago I met a C.C.F. organizer and he frankly admitted to me that the socialization of farms was their policy. I said to him, "You are not frank enough to admit that when you go into a farming community." He replied, "Well, that is our policy." A short time after that—and this happened recently—I met another C.C.F. organizer and I put the same question to him. He said, "Well, we do believe in collective farming," and he admitted that this eventually would mean the socialization of farms.

Again, a prominent man, Mr. Levans, member of the legislature for Woodbine, Toronto, is reported to have said, at a banquet in Orillia, that the farmers could remain on their farms during their lifetime but could not sell or will their farms to anyone else. And again, we have the leader of the C.C.F. party who, when asked in *Maclean's* magazine the question, "Do you believe the state should operate everything?" answered, "Practically everything." Well, as farming is Canada's greatest industry, surely "practically everything" includes farming.

Any man to-day who discusses this question with C.C.F. workers will agree with me that they frankly admit that this is C.C.F. policy. Therefore, whether some members of this house agree to that or not, nevertheless the rank and file of the C.C.F. party do believe in it and frankly admit that it is C.C.F. policy. Again, the leader of the C.C.F. party is quoted in *Maclean's* as saying, when asked the question, "Will the C.C.F. party control labour?"—"Yes." Just how does the C.C.F. party intend to control labour? It will control labour by making labour organizations ineffective.

I am sure we all agree that over the last half century labour has done a great deal in bringing about better working and living conditions. Labour, it is true, has had a hard fight over the last half century to accomplish what it has. We all agree that labour has done a great deal for the labouring man. It is true that labour has not always had good leadership. Labour has often been wrongly advised, but that is no argument against labour policies. That also has been true of organized industry. Industry has also very often had very bad leadership, which has led to a great deal of trouble.

Organized labour and organized industry are learning that if they are to avoid the experiences of the past they must have a better understanding, and that can be brought about only by better cooperation, union recognition and compulsory collective bargaining. If the C.C.F. policies were put into effect, there is not a class in Canada which would be so seriously affected as organized labour. All the hard work they have done over past years, everything they have accomplished, all the sacrifices they have made would be lost effort. It could not be any other way where industries were owned and operated by the government. Is there a man in organized labour who believes that if the government owned all industries in the country the government would allow him to continue to organize and to continue to strike and to defy the government? I wonder if any man who belongs to organized labour believes that. If he does he will learn that he is making a great mistake. When I make that statement I think I hear someone say, "What about industries which are already being operated by the government?" That is easily explained. Take, for instance, the railways. One is owned by the government and another by a private company. The men who are working on these two roads belong to one organization, and just as long as the men who are working on the government-owned road belong to the same organization as the men who are working on the privately-owned road they must receive the same consideration; but if the government took over all the railroads in Canada that would place them in a much different position. If the government took over all the railroads and the men went out on strike what would happen? Well, what would happen would be just what was about to happen recently in another country where there was talk of the government taking over the roads. They would put the officials of the company in uniform and turn the operating of the roads over to the national defence department. No government in power dare allow any organization to defy it. Just as long as any government is operating an industry, labour has not its freedom. I thought I heard someone say that if the C.C.F. were in power they would not treat labour in that way; that they are too much interested in organized labour to treat it in that manner. That may or may

not be true. It matters very little whether it is true or not because governments come and governments go. Any government that would take office after the C.C.F. government were in power would have to continue to operate the industries taken over by the C.C.F government. They could not hand them back again to private companies. They would have to continue to operate those industries. The government following the C.C.F. might possibly be a Progressive Conservative government, although that is not likely. It might be a Social Credit government, or it might be a Bloc Populaire, or some other form of government; but, as I say, it matters not what government succeeds a C.C.F. government, it must continue to operate the industries that are taken over by the C.C.F. government. Is organized labour going to hand over its organization to the mercy of any government that might come into power? I wonder. I wonder whether labour has stopped to realize just what might happen to it under any government which might come into power? They would be entirely at the mercy of the government because they would not have their freedom under government ownership. I have spent many years of my life working in the interests of organized labour. I have taken part in long and bitter strikes, one strike lasting nine months, which won for the miners of British Columbia the first eight-hour day that they ever enjoyed. An eight-hour day is a long day for miners to work underground in the conditions under which they have to work. I know something of the long and bitter experience that labour has passed through, and I know something of the sacrifice they have made in order that they might better their working and living conditions.

As one who has the cause of labour at heart I appeal to organized labour to let no government control their organization to the extent it would if it owned and operated the industries in which they are working. I would recommend to labour that they think over very carefully the recommendations for the post-war world issued by the American federation of labour, which reads as follows:

> Free enterprise is an essential part of the democratic way of life. We believe wholeheartedly in free enterprise as an essential in personal freedom. Free enterprise and free labour are interdependent; neither can last without the other.

Those are not my words, Mr. Speaker. This is a recommendation passed by the American federation of labour and sent on to their locals. It is a true statement. Labour can never be free while the government of the country owns and operates the industries in which labour is working. I appeal to labour representatives in this house and in the country to think this over very seriously. Labour cannot retain its freedom if the industries are operated by the government and controlled through state socialism.

Another danger that I see is in the class of men who are getting into the C.C.F. party and who will eventually control it. I have been through the mill and I see clearly what is happening in the ranks of the C.C.F. party to-day. Perhaps some of the older members of the house will remember the days of the O.B.U., the One Big Union. I belonged to the Sandon branch of the western federation of miners in British Columbia. It was a strong branch and had a very large membership. We owned our own block, a large one, containing a large auditorium and fraternity hall. We had stores rented on the ground floor. We owned our own hospital employed our own doctor and nurses. Members of the One Big Union worked into our organization. They became so numerous that they outvoted us and took our property from us. That is exactly what is happening in the C.C.F. today. The class of men who are coming into the C.C.F. party to-day will eventually and before very long control and dictate the policies of that party. It is all very well for the leader of the C.C.F. (Mr. Coldwell) to make the statement that he quite often does to the effect that they are not going to take in progressive labour, which is communist. I wish to tell the leader of the C.C.F. that they are taking them in by the hundreds. And they cannot prevent them from coming in. They will do exactly what they did in our organization. Very shortly they will control and dictate the policies of the party. No one realizes that better than the leader of the C.C.F. party. No one sees that danger coming more clearly than he does. If he continues in the moderate way he has spoken from time to time, very soon that class will be asking him to step aside and make way for a more radical type of leadership. Do not misunderstand me, Mr. Speaker. I am not doubting the sincerity of the leader of the C.C.F. party. Many of the principles they advocate I have supported all my life. What I do oppose is the method by which they are trying to bring those principles into effect. They talk about destroying monopolies. You cannot destroy monopolies by creating greater monopolies, and that is exactly what the C.C.F. would do if they came into power. The nationalization of industry will create the greatest monopoly Canada has ever experienced. We know very well how this has worked out in other countries, and we know it can work out in only one way in any

country. I believe in a certain amount of control. I believe that anyone who tries to take advantage of anyone else should be controlled. I trust that this war has brought us to a greater realization of our duty toward our fellow men than we have ever had before. You will remember how men piled up millions during the last war. That has not been done during this war. I hope that the day of the millionaire is gone forever, and that never again will the moneyed interests of this country control its affairs, as they have in the past. Yes, Mr. Speaker, I believe in control where necessary, but I do not want to lose my freedom through state socialism.

Only one class will benefit under a C.C.F. government. I refer to the class that never did have and never will have any stake in this country unless they get it from someone else. I refer to the class that has fought labour organizations ever since labour began to organize. I refer to the class against whom labour men have had to picket in order to prevent them from taking their jobs when they were on strike. I refer to the class who believe that Canada owes them a living and that it is not necessary to work for it. That class now see an opportunity of getting something for nothing, and they are going to take advantage of that opportunity if they can.

In conclusion, Mr. Speaker, I say that I stand for a square deal to the labouring classes, whether on the farm or in the factory. Let us beware of any party which advocates government ownership of farms or factories. If that policy should be put into effect it will be the saddest day labour in Canada has ever experienced.

Mr. J. A. ROSS (Souris): First of all, Mr. Speaker, I should like to express my appreciation of the manner in which the Minister of Finance (Mr. Ilsley) presented his budget proposals and the estimates of our cash requirements for the coming year, amounting to some six billion dollars, an all-time high in the history of this country. We realize that the hon. gentleman has a very difficult task, and I should like to express the hope that his health may be spared while he has this task in hand and, of course, for a long time after that.

I disagree in principle with several of the proposals enunciated by the minister. I should like to compliment my colleague the hon. member for Dufferin-Simcoe (Mr. Rowe) who, as official critic of the budget, dealt with it this afternoon in an able manner. I wish especially to endorse his tribute to the gallant men and women of the armed forces who today are doing such a magnificent job for us in attempting to preserve all the worth-while things of our way of life, and also to those people on the home front in this country, engaged in agriculture and industry, who are so ably supporting our fighting forces.

I believe there is a great deal of wasteful extravagance in Canada at the present time under this government. As an example I mention the wartime information board, which I believe spends approximately $1,000,000 annually. A great deal of the information it distributes is political propaganda, some of it false and misleading. Someone may say, "Give us an example of that." I would refer anyone interested to page 26 of the January, 1944, issue of "Canada at War" dealing with the men available in the Quebec military district between the ages of eighteen and forty-five. That information is not correct. I would mention also page 55 of the May, 1944, issue of the same booklet, which contains false information with respect to Japanese nationals in Canada. Both these matters have been dealt with already by other hon. members.

During these years of war huge amounts of money have been spent in the purchase of properties for industrial plants, air training centres and so on. Apparently there has not been a uniform system of valuation in connection with the purchase of these properties. There are other, larger items with which I shall deal at a later stage of my remarks. In the matter of income tax, I am definitely of the opinion that exemptions should be increased to at least $800 for single persons and $1,600 for married men. I believe also that a farmer and his wife, who helps him on the farm, should be granted exemptions on the same basis that they are granted to the man and his wife who work in industry or any other occupation. The present discrimination in this respect is wholly unjustified. In the past the receipts from all live stock sold within the calendar year have been classed as income, which is very unfair. In the case of breeding herds especially I believe a percentage should be allowed as capital. In connection with the power required to operate a farm, the money received from the sale of any horses is classed as income, while a tractor is allowed as capital, along with other equipment. I have never been able to see the justification for that discrimination. Then the income of farmers should be averaged over a period of years. This is something for which I have asked during every budget debate since I came here in 1940. Last year the minister announced that the income of a farmer might be averaged over two years, but I believe the period should be six years so that losses in certain seasons could be offset by profits in others. This is now done

over a five-year period in Great Britain, where the hazards of farming are not normally as great as in Canada.

Another point I should like to emphasize is that if a person overpays the amount of tax due, no interest is allowed on this overpayment when the refund is made. On the other hand, if a person inadvertently pays less than he should, the department assesses a rather severe penalty plus interest. Surely, as a matter of justice it should work both ways; if the government have the use of the money they should allow interest on making the rebate.

The present tax return form is too complicated and should be simplified in some manner. It is altogether too difficult for the average taxpayer.

Under the wartime prices and trade board we hear a great deal about agricultural subsidies. I maintain that in reality these are consumer subsidies, and that in many cases the primary producers are carrying much more than their fair share. Especially is that true in respect of beef and grain.

As an example of ceiling prices and controls I would cite that of fuel wood. We had an example shown to us where the ceiling price for poplar wood at the head of the lakes in Ontario was $7.50 a cord. In Manitoba for the same wood the price was $5.50 a cord, including $1 bonus. There are corresponding differences in respect of other types of wood. This wood was shipped from the head of the lakes to Winnipeg with a freight rate of $8 a cord, as paid for through government subsidies. This wood, which cost $15.50 a cord, was shipped through a wooded area in Manitoba and sold in Winnipeg for $5.15.

That is one glaring example of our present controls and inefficiencies. The secretary of agriculture of the United States states that in that country a peace-time farm production of fifty per cent more than pre-war level is possible. Canada's basic industry has often been stated to be and actually is agriculture. Prosperous basic industries are essential for the prosperity of the nation. Agriculture is an industry engaged in the manufacture of foodstuffs. It is an industry which has approximately 735,000 branch factories across Canada, with each factory facing problems similar to those found in all other industrial enterprises. The farmer, like the manufacturer in the operation of his factory, is faced with problems of management, labour, working capital, adequate power supply, overhead costs, finance, factory efficiency, sales promotion and markets.

[Mr. J. A. Ross.]

It is in an examination of these that we get to the root of our agricultural problem. This industry of agriculture embraces some 3,163,280 people who live on the land. A farm, whether small or large, is an individual capitalistic enterprise. I think it is important that we should appreciate that situation at this time. During the past year agricultural production, with an approximate decrease of twenty-five per cent in man-power, had well over a forty per cent increase in foodstuffs, all of which are required in the prosecution of the war. The war supplies furnished to Great Britain under Mutual Aid have included all types of supplies, procured for Great Britain through Canadian government departments or agencies. They bought huge tonnages of wheat, flour, bacon, beef, cheese, eggs and various other special farm products. Mutual Aid has been extended to cover Canada's contribution to the united nations relief and rehabilitation administration, known as UNRRA. This will take us into the post-war period.

Many people ask, then, what about the future of agriculture? Nutritional standards, and the improvement thereof, will create greater demands for agricultural foodstuffs. Nutrition surveys carried out across Canada have shown serious diet deficiencies among more than half the families of Canada. Half a million Canadian children are undernourished. It is now internationally recognized that there must be increased consumption of adequate quantities of nutritional food. Agriculture has suffered more than any other activity in Canada from lop-sided development. The Sirois commission report states definitely that from 1896 to 1913, under a vigorous immigration policy by the governments of the day, assisted by land companies and railway companies, a tremendous expansion took place in territories of Canada. Settlement took place without discrimination. The territories settled grew from about 10,000,000 acres to some 70,000,000 acres in that period. The production of wheat was increased from approximately 20,000,000 bushels to some 210,000,000 bushels during that period. Since that time production has again almost doubled.

During that period of time no encouragement was given to industrialists and tradesmen to come to this country and develop industry. We have greater undeveloped natural resources in Canada than are to be found in any other country of the world. We have great facilities for the development of industry. If in this country there had been a balanced programme of immigration and development we would enjoy a market within Canada for very much of our agricultural production.

For example, statistics prove that for the year 1937 the family of the average industrial employee consumed agricultural products to the extent of $409.35 annually. These figures for to-day would be considerably higher. On this basis, if we had 5,000,000 heads of families employed in industry there would be an immediate home market in Canada for our present agricultural production.

I am one who thinks that in a country such as Canada, with our vast undeveloped natural resources, our very cheap electrical power and the possibility for further development of cheap electrical power, we must have, during the generation following the end of the present war, a much greater development of peace-time industry. This would create employment for all our ex-service men and for every able-bodied Canadian willing to work. It would also necessitate an immigration policy on a selective basis for industrial development—not land settlement, as in the past. This could be had at a greater remuneration for employees than has been customary in the past history of Canada.

In that great and comparatively new and cosmopolitan country to the south of us, the United States of America, we find an example where, prior to this war, many of our young and trained men left Canada and received much greater remuneration in the United States than they could receive in this country, their native land.

In this respect there is a real field of work for the new Department of Reconstruction. I trust it will follow the suggestion through. Many of the new Canadians, or those of foreign ancestry, have splendid war records, when compared with the records of many native-born Canadians. The real native-born Canadians are those of French Canada, or Quebec. French Canada is approximately 300 years old, yet it is still a young and vigorous country. These people are possessed of material, economic and spiritual ideals which are worth fighting for, and which would develop a strong and united Canada. They, and more especially the generation for twenty-five years prior to 1939, have received false or improper leadership with respect to citizenship in this country.

In this connection I should like to quote from a speech by the Prime Minister (Mr Mackenzie King) delivered in this house on March 30, 1939, and reported at page 2419 of *Hansard*. It states:

> Canada, it is contended, is not a country of unlimited powers; it has not the capacity to stand indefinite strains. We have tremendous tasks to do at home, in housing the people, in caring for the aged and helpless, in relieving drouth and unemployment, in building roads, in meeting our heavy burden of debt, in making provision for Canada's defence, and in bringing our standards of living and civilization to the levels our knowledge now makes possible. There is no great margin of realizable wealth for this purpose; we must to a greater or less extent, choose between keeping our own house in order, and trying to save Europe and Asia. The idea that every twenty years this country should automatically and as a matter of course take part in a war overseas for democracy or self-determination of other small nations, that a country which has all it can do to run itself should feel called upon to save, periodically, a continent that cannot run itself, and to these ends risk the lives of its people, risk bankruptcy and political disunion, seems to many a nightmare and sheer madness.

Then in the same speech, as reported at page 2426 of *Hansard*, he said:

> One strategic fact is clear: the days of great expeditionary forces of infantry crossing the oceans are not likely to recur. Two years ago, I expressed in this house the view that it was extremely doubtful if any of the British dominions would ever send another expeditionary force to Europe.

That was the Prime Minister speaking a few months before the declaration of war. He went on to say:

> One political fact is equally clear: in a war to save the liberty of others, and thus our own, we should not sacrifice our own liberty or our own unity. Planning and coordination would be essential, but the necessary coordination could be made, and if this government were in power it would be made, without sacrificing those vital ends and conditions of our existence. Profits could and would be rigidly controlled, and profiteering suppressed. But men's lives and men's wills cannot be put on the same basis as goods and profits. The present government believes that conscription of men for overseas service would not be a necessary or an effective step. Let me say that so long as this government may be in power, no such measure will be enacted.

As I pointed out, that was a few months before the declaration of war. In 1939 there was a declaration of the same policy that had been practised by the same leader and some of his cohorts for twenty-five years, while this generation was growing up. Little wonder that when the thirty-day training scheme was introduced during the early stages of this war the Minister of National Defence (Mr. Ralston) said that this was necessary in order to impress Canadian youth with the duty of citizenship. This generation, especially those of the province of Quebec, believe that they have been deceived. There are many splendid fighting troops from Quebec. I prefer to believe that recent events have so challenged the people of this nation that the views expressed by that fighting padre of French Canada, Father Armand Sabourin of Les Fusiliers

Mount-Royal, are more indicative of what all people are thinking across Canada to-day. He said on his return from Dieppe:

> We wanted to prevent Hitler from reaching our shores to-morrow to destroy our faith, our tongue and our institutions. We crossed the channel to fight with England for Canada. If I am a free man to-day in my country I owe it to England. The Anglo-Protestant government recognizes my rights as a French Canadian and gives me complete freedom of religion and of speech and respects my traditions. That is why we went to Dieppe.

I believe that with proper leadership French Canada would do their part in creating and developing a great united Canada. I believe that is yet more than possible.

We have in Canada to-day a serious man-power problem. A few weeks ago the Minister of National Defence assured us that we had adequate reserves for our army to meet battle casualties. Those are his exact words which may be found in *Hansard*. To-day under his authority the chief recruiting officer of the Department of National Defence says that we are in urgent need of forty-eight thousand reinforcements for overseas. He attempts to shame men from industry and other vocations into enlisting. At the same time the farmer has to do without help. According to the Minister of Labour (Mr. Mitchell) we are 196,000 men short in industry.

In the face of all this we have an army of approximately 75,000 now in service for the defence of Canada. This home army represents a cost of $150,000,000 a year. Seventy-five thousand men are kept out of agriculture, out of industry, out of the war, out of everything but the public treasury. The farmer and his wife along with other citizens of Canada work many long hours in order to pay for this. The government has access to information as to where these men are required most, and yet they, the responsible ministers, apparently refuse to act. In fairness to some of the men of the home defence army to whom I have talked I think I should say that they make the statement that the responsible ministers of the government have available to them certain information. If they or the government refuse to state and take proper action as to where these men can best serve, that is their problem.

We have the strange anomaly of several ministers on the front benches, family men with good records in the last war, under the cloak of political expediency, as many people claim, submitting to the whims of their leader the present Prime Minister on man-power. We have had set forth by two great world leaders, Prime Minister Churchill and President Roosevelt, the Atlantic charter for the four freedoms. That is what we desire and what we should strive for.

Mr. Speaker, I take second place to no man in my dislike of war. Neither do I take second place to any person with respect to my interest in the welfare of humanity. At the same time I trust I have some realization of my duty as a citizen of Canada. I shall support the amendment moved by my colleague, the hon. member for Dufferin-Simcoe (Mr. Rowe), which reads as follows:

> That all the words after "that" be struck out and the following substituted therefor:
> "this house regrets—
> (a) that no adequate steps have been taken to simplify the forms and modernize the methods of taxation;
> (b) that no effective action has been taken to grant a measure of relief to the men and women in the lower income brackets by raising the exemption in income tax for single persons to not less than $800 per annum and for married persons to not less than $1,600 per annum;
> (c) that no provision has been made to encourage greater war-time production by exempting overtime pay from income tax;
> (d) that sufficient provision has not been made for the elimination of the inequities presently existing with respect to agricultural taxation;
> (e) that no adequate provision has been made to ensure increased post-war employment through the discovery and development of metallic and non-metallic mineral resources;
> (f) that the government has failed to make effective the full mobilization of our financial, industrial and material resources, as well as our man-power, but is maintaining a so-called home defence army, at a cost to the taxpayer in excess of $150 million per annum, at a time when the need for men for army reinforcements, for farming and for industry is so urgent."

I trust that we shall not forget that at this moment young men are fighting for our way of life and for this parliament. I think that should at all times be our first consideration. As my colleague pointed out this afternoon, many of these gallant young men will not return to us. Many others will return maimed for life. They and their dependents must be our first care at all times.

Just before I close I should like to make some reference to procedure in this house. The statement has often been made that the length of the session depends on the opposition. I have taken some pains to check *Hansard* on certain points. I remember one to me rather disgraceful day in this house, Tuesday, April 25, when we wasted the entire day on the report of the special committee on the revision of standing orders of this house. We made no progress whatever. Some twenty members on the government side spoke in that debate, three Progressive Conservatives, five C.C.F., three Social Credit and two others. Fifty pages of *Hansard* were filled on that

day, or approximately 5,500 lines. Of this amount 4,463 lines, or over eighty per cent, were taken by the government speakers; 449 lines by the Progressive Conservatives and 354 lines by the C.C.F.

Then we had a motion from the Prime Minister to the effect that Wednesday sittings of the house were out from February 22 to June 14, 1944, in spite of most strenuous opposition from all opposition parties in the house.

We have also had the banking and commerce committee sitting for some twenty-seven days, and almost the entire time of that committee has been monopolized by two members of the government party.

There are many other figures I could give of the time that has been taken up this session, but I will content myself with saying that government party members are the ones who are responsible for our not making better headway at this time. In these critical days our first thoughts should be with the gallant young men and young women, and their dependents, who are doing so much for us to-day.

Mr. FREDERIC DORION (Charlevoix-Saguenay): Mr. Speaker, if I happen to speak at this stage of the debate, it is not, Mr. Speaker, because I want to be labelled as leader of any group, and on this point I should like to tranquillize the hon. member for Trinity (Mr. Roebuck) who, on February 1, in the course of the debate on the speech from the throne, mentioned the fact that he was speaking after many leaders, some of them, he said, leaders of "one man" parties. As I had been speaking before him, there is no doubt that his remarks were directed to me as well as to others who had spoken before him.

I believe the hon. member for Trinity is an able lawyer, and he must be aware of the fact that there can exist some independent members who do not need blindly to follow a leader, being able to think for themselves.

I happen to be here as representative of constituents who sent me to this house to represent their personal views and not the ideas of a party.

Since the beginning of this session we have discussed many projects relating to social security. Every group, and I should say every hon. member of this chamber, has had an opportunity of expressing his personal views on the different post-war projects, many of which have been discussed at great length. This goes to prove that everybody is anxious to look forward, and endeavour to prepare to his utmost capacity the future of our country. There is no doubt that this sentiment is shared by the whole population, and especially by those who, at the present time, are engaged in the gigantic struggle, of which, thank God, we hope to see the end before long.

I should like to draw attention to the fact that, for the last few years, and especially during this session, many declarations made by persons in authority have led us to believe that this country is moving more and more toward greater centralization. All the new projects brought before the house for the purpose of social security bear in themselves this very danger of a greater centralization.

We must not set aside and we must never forget the basic principle which is the foundation of our national life and by which this parliament is bound to give its fullest respect to the constitution under which we live. We must never forget that the provinces constituting the Canadian federation also have their rights under our constitution, and my contention is that none of these new projects can produce good results if the provinces do not share the burden. The provinces should be called upon to collaborate with the dominion government, but should never be called to give up their own rights. If we refer to some declarations, we come to the conclusion that this government wants more than a collaboration on the part of the provinces.

From the discussions that took place on bill No. 82, for the establishment of a new Department of Reconstruction, I should like to quote a few sentences, which will show that I am right in scenting the danger which I have just mentioned. On June 20, in the course of the debate just mentioned, I find at page 4009 of *Hansard* the following words:

> Mr. Gillis: They are always prepared to do it, but they always throw up a straw man so that we cannot get through it, with the co-operation of the provinces. You hide behind the British North America Act.

The answer given by the Prime Minister (Mr. Mackenzie King) was as follows:

> I do not wish to interrupt my hon. friend, but he has referred to New Zealand. I wonder if he has brought out the point that they have only one government in New Zealand, a unitary government, which is able to do things. If there were only one government in Canada, the lower age of sixty-five would now be in force.

Later on, in the same debate, at page 4013 of *Hansard,* I quote from the parliamentary assistant to the Minister of Labour (Mr. Martin):

> But this government has not overlooked the desirability of taking unto itself powers that now reside elsewhere. It attempted that in 1941, the first real attempt ever made in this country, by having a conference with the prov-

inces in this very chamber, to try to bring about some of the recommendations of the Rowell-Sirois report, with the idea of stream-lining, if you like, our legislative machinery, with the idea of rendering our legislative powers more efficient. Then, not having succeeded in that conference, it is now proceeding to another; and as the Prime Minister (Mr. Mackenzie King) said to-day, steps and preparations are now under way for the holding of another conference between the dominion and the provinces.

I am afraid that such declarations constitute the best encouragement to the very few people who seem sometimes to favour a movement of separatism in our country.

I wish to state, however, that the parliamentary assistant to the Prime Minister on the same occasion expressed some views which are worthy of mention, and I should like to regard them as the guiding declarations of the next interprovincial conference. I quote from page 4062 of *Hansard*:

I think it must be evident from the attitude taken so far by the dominion and the members of the government that the conference will not be entered into with any thought of endeavouring merely to secure the transfer of constitutional and financial power by one side or the other. The conference aims to see what is best for the people of Canada, how their needs can be met and who can best meet them; and if, as I expect, the provinces meet the dominion in that spirit, we can look forward to a satisfactory arrangement to deal with all these questions.

These last words are worthy of mention, and they should be inserted in the agenda of the proposed conference.

Mention has been made quite a few times by the Prime Minister and others during this session that this interprovincial conference would be called soon. This conference was announced by the Prime Minister in the very beginning of the session, and a few days ago he repeated his announcement and told the house that this conference would be held in a month or so.

There is no doubt that the people of this country have the right to ask if the purpose of this interprovincial conference will be the adoption of the Rowell-Sirois report which was shelved in 1941, when the premiers of the nine provinces met in Ottawa. If the purpose of the government is such, I contend that it should be well specified, so that the representatives of the provinces will know exactly what they are called for, and beforehand they can secure from their respective constituents their desires and yearnings.

I do not see any need for central government to infringe upon provincial rights to pass legislation even in matters of social security.

We have a very good experience of successful legislation in which the provincial and central governments collaborate; I mean the old age pension and other similar legislation.

The matter of provincial autonomy is very serious and should be dealt with extremely carefully.

Ever since confederation there has been a gradual and continuous movement for centralization of authority in the federal parliament. Many have been the conflicts between the federal and provincial governments in respect of jurisdiction.

We have to admit that the provinces are the real historic units around which centres all the glory of our history, the remembrance of early settlement and adversity, and the affection that clings to the family. The provinces, in the immediate sense, lie nearer to the hearts of most of our people than does the larger but more abstract conception of the dominion. This is all the more true, inasmuch as the provinces of Canada, if we take the prairies as one, represent actual units of history and physical units of geography. Hence the whole setting and background of our Canadian provinces seems to indicate them as the proper form of our natural life, separate groups of people each doing things in their own way and letting the others do the same.

The case for provincial autonomy is made still stronger when we remember that one province, the oldest and the largest, Quebec, is for its French-Canadian people almost everything; and for some of them quite everything. It is almost all that history has left them of a regime that was their own, of the language and religion of their mother country.

In an article published in the *Financial Post* of January 8, 1944, written by Stephen Leacock, I read this:

The province of Quebec, wrote Andrew Macphail, is the last refuge of common sense in North America. We contrasted, too, the tyranny of the Ontario Sunday, with the wholesome outdoor Sunday of the priests and their seminary scholars playing games together. We admire that quiet contentedness of the French-Canadian habitant and its contrast to the eager haste, the get-rich-quick, the quest-for-money of the restless English. We liked the stories that Doctor Drummond told us of Jean-Baptiste coming home again from the States, of Louis Hemon's far-away and long-ago picture of the world of Marie Chapdelaine. Around French Canada hung all the romance of history, and the respect for a people happy in their own lot. Above this level of the plain life of simple people was the pride felt by the educated and academic classes of society, living in a dual culture, in drawing upon two languages and two great literatures, on the traditions of two great nations.

This picture is true for the whole province of Quebec, and more particularly for the constituency which I have the honour to represent.

In the course of my trips across this vast area of over 300,000 square miles, it has been a great pleasure for me to meet citizens of all groups and all classes, and I must say, without fear of contradiction, that the people living in Charlevoix-Saguenay are most faithful, loyal and honest. They love their country; they love the soil from which they draw their living; they love the small piece of land where they raise their large families, praying the Almighty to be preserved from the evils that are spreading all over the world.

They are glad to collaborate with their fellow-citizens and give their contribution toward making this country as beautiful as possible, and a place where one can live happily; but they, in turn, need the collaboration of the governments, and the greatest of these needs consists in the establishment of better means of communication.

I have already said, and I will repeat it as long as the authorities refuse to hear my appeal, that the only means of developing this vast section of our country would be the construction of a road along the north shore of the St. Lawrence. We have seen in the war appropriations that this government is spending vast sums to build some roads in the western part of the country, and I am eager to see the day when the government will look up to the eastern part as well.

I said that our people live quietly and happily. I stated that they want to collaborate with their fellow-citizens, but they do not want to be replaced by foreigners of all descriptions. That is the reason why they are opposed to opening wide the doors of our country to facilitate immigration. On this question, I already had the opportunity on June 5 to say a few words in this house, and I should like to complete my remarks. Since this question of immigration will, no doubt, be one of the most important in the post-war period, I hope it will be discussed in every quarter with the broadest-minded spirit.

We very often hear some figures mentioned about the possibilities for Canada to absorb many million immigrants after the war. While listening to such declarations, I have always wondered if they were made in good faith, and if those who made them knew exactly what they were speaking about. One of the many reasons advanced for accepting immigrants in Canada is the contention that so many million immigrants will become so many million consumers; but I never heard that such figures were based on serious inquiries, and my first point is that the government, before allowing these immigrants to enter Canada, should make a complete survey throughout the country to ascertain whether there is enough space to absorb such immigrants. I challenge anyone to deny the necessity of such a survey being made with the least possible delay. Doubtless, we cannot compare our density of population in Canada with that of any other country, and I think it is stupid to contend that Canada is able to receive so many million immigrants on account of her vast area. The contentions that are based upon this comparison of areas are not serious ones and are made by those who ignore, as I already said, what they are talking about. In fact, everybody knows that in our country there is only a strip of land habitable, so that we easily come to the conclusion that available space throughout Canada is more limited than it is claimed to be in some quarters. The logical attitude to take would be not to accept immigrants before ascertaining that we need them, and before making a judicious choice of them. I think nearly everybody in this country is willing to have new citizens come from abroad, but they also expect these newcomers to collaborate in building up a greater country, and that they will not be a burden for Canadian citizens.

Since we may not be afforded the time to discuss at full length the problem of immigration when the civil estimates of the Minister of Mines and Resources (Mr. Crerar) come before the house, I take advantage of this opportunity to express my views on this policy. I wish to state that it would be much better for us to keep Canadian-born citizens in Canada, rather than replacing them with newcomers. I am mentioning this, because if we refer to the "Canada Year Book" of 1942, we see at page 91 a complete summary of the movement of the Canadian population for the last twenty years. It is entitled:

Summary of births, deaths, natural increase and immigration, calendar years, with estimated population as at June 1, 1921-40.

On June, 1, 1921, the population of Canada was 8,788,000. From 1921, to June 1, 1940, 797,036 immigrants came to Canada; in the same period of time, we had 2,432,609 births. Therefore, had we kept our newly-born Canadians together with the immigrants who came to Canada, our population should have increased to 12,017,645. According to the summary just mentioned, we see that on June 1, 1940, our population was 11,422,000; that is to say, about 600,000 less than we should have had. As mentioned, we received 797,000 immigrants and we lost 600,000 Canadian citizens. Have I not the right to ask, where is the benefit in spending such large amounts of money for immigration when we cannot save our own citizens? To explain these figures, I must say that the ones which I have just read about newly-born Canadians are given after having

deducted the number of deaths. Is it not right to say that our money would be much better spent for the safe-keeping of our own citizens? I remember that, in previous years, a Canadian citizen from the province of Quebec who went to establish himself out west, had to pay more than immigrants coming from central Europe to the same place.

I said that this question of immigration was a very important one, and I base my contention on the report of the Department of Mines and Resources for the year ending March, 1943. At page 175 of this report, I read the following sentences under the title, "Post-War Immigration". I quote:

Many suggestions are being received as to post-war immigration. These are being carefully examined and filed for future reference. It is everywhere recognized that Canada must, first of all, deal with the reestablishment of her own service personnel and their dependents and during that period turn the Canadian war industry to peace-time pursuits. The magnitude of this task cannot be known until the war is over.

Those best able to form an opinion agree that tens of thousands of the war-oppressed people of Europe will look to the western world for new homes when war has ceased. Few of these are likely to have funds either for transportation or settlement and many may require to be built up physically before being fit for transfer from Europe. How many and what type of settlers, especially those without capital, will Canada be able to absorb with benefit to the newcomers and to the dominion. Will the assistance given by the allies to the suffering millions of Europe after the war include financial assistance for migration and settlement?

We are fighting the most terrible war the world has ever known. We have spent millions and billions of money. Our young men have given their health and even their lives and all these sacrifices to prevent the invasion of our country and to enable our citizens to enjoy an enduring peace. I wonder if these tens of thousands of people of Europe, as mentioned in the quotation I just made, will not constitute what I would call a "pacific invasion" of our country with the possibility of the same result as if the invasion proper had taken place? Are we to allow all kinds of people to enter into Canada and let them spread among our population the ideologies and doctrines that lie at the base of the present war in Europe? I am amazed to see in an official report of this government a statement like the one which is included in the quotation I first read and which is as follows:

How many and what type of settlers, especially those without capital, will Canada be able to absorb with benefit to the newcomers and to the dominion?

Is it not ridiculous to permit the entry into Canada of immigrants who will not even be able to pay their own transportation and who will be nothing but a burden for our people?

Another very important aspect of the same question comes from a declaration made by the Prime Minister, on May 22, after his return from England, and I quote from pages 3099 and 3100 of *Hansard*:

I should like to add a further word as a result of what I have heard and seen and felt. I do not believe that this war is going to end the conflict between the different classes and races of men. The enemy of to-day must be completely destroyed, but forces of evil have been let loose in this world which it is going to be difficult indeed to bring to bay. These forces of evil are going to continue to destroy all that is best for mankind, I am fraid, for many days, possibly years, after the main struggle is over. In all our deliberations here, as I am sure will be the case in the deliberations of all other assemblies of free nations, we must never lose sight of the fact that our greatest work may still lie ahead in seeking to trample under foot and slay the dragon that to-day is seeking to destroy humanity itself.

I submit, Mr. Speaker, that the Prime Minister has said too much and too little. As far as I am concerned, I should have liked to learn from the Prime Minister what are the forces of evil to which he referred? They must consist of something untold; they must emanate from somewhere other than from our enemy territories, because otherwise they would be destroyed as our enemies will be, and we would not have to fear those evils, once the war is won. These forces of evil must be threatening from outside Canada, since every precaution has been taken to overcome subversive elements in Canada.

Therefore we must believe, first, that those forces of evil actually exist, since the Prime Minister mentioned them.

Second, they must come from outside, because otherwise our government would not be fulfilling its duty by allowing any subversive movement to flourish in our midst.

Third, they cannot be found in enemy territories, since the Prime Minister stated that they will continue to destroy all that is best for mankind even after the defeat of our enemies. Where do they come from? How could they penetrate our country, and what would be the best way to defend ourselves against such forces of evil?

Is it not true that the surest way to spare our country from these forces of evil, since they likely come from outside, would be caution in the selection of immigrants to enter Canada, because this would apparently be the means through which these forces could be brought in. Is it only by a sane immigration policy that Canada could be spared from them? Up to now, I believe that our government has

been much too lenient toward the so-called refugee, this problem being so closely connected with immigration.

In the "Canada Year Book" of 1942, under the title, "Immigration and Colonization-Refugee Immigration," we read subsection 8, as follows:

The term "refugee" in recent years, has acquired a much wider application than when it became a familiar word after the first world war. Then it was applied mainly to those who had lost both homes and citizenship; latterly, it has been applied to all who, because of political, religious, racial or economic troubles, actual or threatened, have been forced or induced to move.

And further, at page 166, we read this:

For many years, the exodus of settlers was discouraged by emigration countries, but latterly the emigration of unwanted minorities has been encouraged although an increased effort has been made to retain their capital.

We must conclude that to the problem of immigration has been added the problem of refugees, and I wish to draw the attention of the government to the fact that under the War Measures Act the entry of refugees does not seem to have been dealt with accurately. I am of the opinion that we should have been, and should still be, more cautious with regard to this refugee immigration. It is always commendable to extend a helpful hand to ill-fortuned people who were crushed by dictators of conquered countries; but one must not forget that—Charity begins at home—and I can hardly conceive this virtue of charity practised to the extent of allowing all kinds of people to establish their homes in our midst without, prior to their coming, ascertaining that they are desirable subjects.

One wonders why the government deemed it advisable to cast aside the immigration law, as was the case recently. I wish to state first that in our immigration law, chapter 93 of the revised statutes, we find the necessary protection against the intrusion of undesirable elements. Section 4 provides that the minister may issue a written permit authorizing any person to enter Canada, to remain therein, without being subject to the provisions of this act. In accordance with this provision of the law, at the beginning of the present session the Minister of Mines and Resources tabled sessional paper 46 on Friday, January 28. In this document we see that only two special permits were issued during the calendar year 1943 to the two persons mentioned in the said document. I wonder why all the permits issued by the same department to many hundred refugees have not been issued under the same section. In fact an order in council was passed on the 10th December, 1943. That order, P.C. 9440, in part reads as follows:

Section 1. Notwithstanding any provision of the Immigration Act, chapter 93 of the Revised Statutes of Canada, 1927, or any amendment thereto, or of order in council P.C. 2653 of September 14, 1939, the Minister of Mines and Resources or any person thereunto authorized by him may issue a temporary permit to enter Canada to any refugee transferred to Canada from the United Kingdom whose release in Canada has been approved by the appropriate authorities.

Paragraph (c) of section 2 reads:

(c) be subject to the provisions of the national selective service (civilian) regulations in the same manner and to the same extent as any other person in Canada.

It appears by this last paragraph that these refugees can have the benefit of the national selective service regulations but are not subject to the military call-up. There is another reason why one wonders why we did not apply the immigration law, and this wondering derives from the fact that in the order in council just mentioned it is explicitly stated that chapter 93 of the revised statutes does not apply. If we look at section 3 of chapter 93 we see provisions for the protection of our people, as well as our institutions, which are expressly set aside by the P.C. 9440. In this section appears a list of prohibited classes, and it is worth mentioning some of them. They are as follows:

Idiots and imbeciles	Spies
Deaf and dumb	Criminals
Prostitutes	Alcoholics
Vagrants	Revolutionaries
Invalids	Traitors

And especially those mentioned in paragraph (n) of the said section 3, that is to say:

Persons who believe in or advocate the overthrow by force or violence of the government of Canada or of constituted law and authority, or who disbelieve in or are opposed to organized government, or who advocate the assassination of public officials, or who advocate or teach the unlawful destruction of property.

After having taken cognizance of the abovementioned order in council, I thought it advisable to inquire about the number of refugees who had been admitted to Canada by virtue of this order. On January 26, I asked some questions on the orders of the day, and one of them read as follows:

How many permits have been issued by the Minister of Mines and Resources, or by any person authorized by him, under order in council P.C. 9440, December 10, 1943?

The answer given by the minister was: "932." Wishing to know who these refugees were, I subsequently asked another question to find out the names, previous residence and racial origin

of the persons to whom these permits had been issued. In answer to my question, sessional paper 48-A was tabled on April 17. It showed that more than ninety per cent of these permits had been issued to Hebrews.

I wish to state here most emphatically that at all times I am ready to comply with the directions given by the Roman Catholic church, and to consider the Hebrews as any other people. I have nothing against them. During my twenty-three years of law practice in Quebec, I have had occasion to deal with them quite often, and I do not hesitate to say that they must be considered on the same footing as any other people; but my contention is that they must not enjoy any special privileges and I will endeavour to show that, since the beginning of the present war on too many occasions we have seen special privileges extended to them; so much so that, at times, we are wondering whether or not we were engaged in this war for the sole purpose of saving or helping out the Jews all over the world. Here in Canada our attention has been drawn very often, to all kinds of organizations to help the ill-fated Jews. As an example, an association was formed some time ago, under the name of "United Jewish Refugees and War Relief Agencies," with its head office at 1121 St. Catherine street west Montreal. They also have branches in Toronto and Winnipeg, under the chairmanship of Samuel Bronfman.

Under the auspices of this association a campaign was launched throughout Canada, sponsored by Senator Cairine R. Wilson, chairman of the national committee on refugees. The purpose of this campaign was to gather some 500,000 signatures in support of a petition to the Canadian government. I hold in my hand a copy of this petition in which they asked the government of Canada: I quote:

1. To offer the sanctuary of Canada to refugees from political or religious persecution without regard to race, creed or financial condition.

2. To take immediate steps to facilitate the entry into Canada of refugees (especially those stranded in Portugal) whom it is possible to rescue.

3. To make any changes in the Immigration Act, regulations or administration thereof necessary to admit such refugees into Canada.

I do not know whether this petition ever reached the government, but I am aware that in order to encourage this movement a Canadian immigration office was opened at Lisbon, Portugal, in October, 1943, for the purpose of examining refugees applying for sanctuary in Canada and for granting appropriate visas. Later on, the house was informed that a few hundred refugees were coming into Canada each month under this new scheme.

Must I come to the conclusion that these petitions had a much better result than some other petitions that were presented to the Prime Minister by Canadian citizens and municipal corporations? On March 27 I asked the Prime Minister, as recorded at page 1861 of *Hansard:*

How many municipal corporations and public bodies have forwarded to the Prime Minister resolutions requesting the full application of the provisions of the Immigration Act with regard to any individual who wishes to enter this country?

This is what the Prime Minister answered:

Mr. Speaker, I am informed that there have been forwarded to my office a large number of resolutions on the subject referred to. The resolutions are similarly worded. It is perfectly evident some one or more persons have been circulating communications with a view to having them forwarded to my office. The question is of the kind which, were it to be answered literally, might convey a wholly erroneous impression. For example, I might say I have received thousands of communications identically worded concerning some things—the postage being free. Were I asked to recall how many of these have been received, and were to say that thousands had come in, such an answer would be wholly misleading. For the most part they would represent the opinions of a mere handful of persons. There have not been thousands in this case, but an answer as to the number that have come in would be misleading the public as to the significance of the reply given. I think therefore that the question should not be answered.

Having personally received some duplicates of these resolutions, I know they were passed legally and regularly at a meeting of each municipal corporation which had adopted them, and I really was amazed to notice how little concerned was the Prime Minister about these resolutions. Must we come to the conclusion that the Jewish refugees deserve much better attention from our government than our Canadian-born citizens?

At this stage of my remarks I should like to make a suggestion; I would not say for the solution of this very difficult problem, but at least as an attempt to bring about a solution. I believe that the Canadian government should follow the rulings of the British North America Act on this question, which we find at section 95 of the act which reads as follows:

In each province, the legislature may make laws in relation to agriculture in the province, and to immigration into the province; and it is hereby declared that the parliament of Canada may, from time to time, make laws in relation to agriculture in all or any of the provinces, and to immigration into all or any of the provinces; and any law of the legislature of a province relative to agriculture or to immigration shall have effect in and for the province as long as it is not repugnant to any act of the parliament of Canada.

This section was in accordance with the Quebec resolutions of 1864 and the London resolutions of 1866.

I have always believed that in all our internal policies, if we followed as closely as possible the terms of the British North America Act, we would not be so often faced with so many difficulties as have been encountered more in recent years than ever before.

On this question of immigration there is no doubt that the provincial governments are much more aware of the needs and possibilities of their respective provinces. They are in closer relation with the people, with the municipal bodies, and are in a much better position to determine what kind of immigration they should allow in order that their economic life, as well as their social and political life, may not be interfered with and so that the efforts of the people to make this country the ideal place to live in may not be hampered.

In conclusion I would suggest that this government request the provincial governments to pass legislation, and, in this way, to make known their views on the matter. I suggest that this section 95 of the British North America Act has been too much overlooked in the past and that, after the present war, it will be more essential than ever before to have it put into application.

Mr. M. E. McGARRY (Inverness-Richmond): Mr. Speaker, once again that hardy annual, the budget, has made its appearance in the house. I think all would admit that it received a most lucid and eloquent interpretation at the hands of the Minister of Finance (Mr. Ilsley). I also feel assured that it had a very good reception at least from a majority of members in the house and from the public generally.

It will be noticed that it has not diminished very much in stature, since it made its last appearance. After all, I do not think that is contrary to the anticipation of hon. members or the public in general. It will be remembered that this is primarily a war-time budget and, although we have now experienced almost six years of this reign of death and destruction, it is quite evident that that tragedy of carnage has not yet ceased, and no one can forecast when the end will come.

Moreover, it would appear that we would be wise in anticipating that, from now until the end, this conflict will become more intensive in character than has been experienced in the war up to now. Therefore it is wise on the part of the government to provide proper financial arrangements, and wise for us who are interested in the war to be prepared to exercise every ounce of faith, enthusiasm, energy and strength within our power. It behooves us now to be prepared to put forth an even greater war effort than we hitherto have done.

I shall not tire the house by entering into a detailed recitation of the achievements of this dominion in its war effort, nor shall I set out what it has done in both economic and military fields of endeavour. I believe it would be sufficient to say that it has received the plaudits of the whole of the Canadian people, and that it has received the praise and admiration of our allies, and has merited praise from every worth-while journal on the north American continent. In fact, so wise has been our economic policy to maintain the strain of war and to prevent deflation after the war is over, that, in large measure, our economic policy was copied by the great nation to the south of us.

It was pointed out in the speech from the throne that the government had primarly in mind the successful prosecution of the war, and I think it will be accepted by the unprejudiced mind that it has adhered fairly closely to that policy. When we realize the cooperation the government has received from every element of our citizenship—from labour, industry, the farmers, the fishermen and the merchant marine—it appears quite clear that the nation as a whole has become conscious of the importance of putting forth our very best efforts in order to defeat the challenge of those who would dominate the world.

References also were made in the speech from the throne to other measures regarded as essential to deal with our post-war problems. There was reference in the speech from the throne to measures which would be introduced, debated and put on the statute books in order to deal with our post-war problems. These are classified as measures of rehabilitation and reconstruction, and I think all will agree that they are timely. I believe the government was wise, first of all to anticipate those problems, and then to introduce measures to deal with them. I think we owe that to our fighting men, the men who have experienced the hardships and the horrors of war. It behooves us to show these men when they return to their homeland that they will have security, and will live in a democracy worthy of the blood, sweat and tears they have expended in its behalf.

While I admit that the prosecution of the war should be foremost in the thoughts and intent of our people, yet I consider that the government is only showing wisdom when it has some regard and does some planning for

possibly 2,000,000 of our citizens who are now engaged in industry and are on active service, and who will return to the land or revert to their ordinary pursuits in life. I think every unprejudiced person will admit that from the inception of this war the government has attempted to prepare plans and schemes to deal with our post-war problems. Three hours after war was declared, the government established the wartime prices and trade board. Every one knows the beneficial effects of this action. During the war there has been no hoarding or no unnecessary scarcities. We have not had the disgraceful spectacle we had in the last war where certain men and corporations waxed rich on the sacrifices and blood of the nation. This was a great and cautious measure undertaken by the government immediately after the beginning of the war.

We come next to soldier reestablishment. We all remember the old Soldier Settlement Act which did not prove very satisfactory. Throughout my constituency, and I believe on the island of Cape Breton generally, it was characterized as a racket. Apparently no precautions were taken to afford security to the settler. In many cases men with no farming experience were placed on unproductive farms. With the two main essentials for success lacking, the result was that in one or two years many of these farms were vacated. Not only have the new amendments improved the act of the last war, but its provisions have been extended.

To-day men are placed on farms under certain regulations. First of all the farm must be sufficiently productive to support a man and his family and, next, the man must have some knowledge of farming. If he has not that knowledge he is given an opportunity to prepare himself to work on a farm and make a substantial living. The same rights and privileges are extended to men who work in small industries and to fishermen, men who can devote only part of their time to agricultural pursuits. They will receive the same concessions granted to those who can devote themselves entirely to agriculture.

Then there is the compulsory employment act which was passed by this government during the war. This will be of some help in solving our post-war problems. When a man leaves employment to enlist for active service he has the right to claim that employment upon his return.

Then there is the Unemployment Insurance Act. No one will say that that is not a provision to deal with the unemployment problem which is sure to show its ugly head after this war. The introduction of that act was quite timely because it was brought in when there was no unemployment. The result is that to-day we have a repository of money which will provide much of the finances needed to help, at least temporarily, in solving any unemployment conditions.

We come next to the matter of reconstruction and rehabilitation. These matters have been under study for the last two years by a committee of this house. The knowledge obtained from experts who have been before the committee is certainly worth while. I trust that when the provisions of this scheme are put into operation they will be dominion-wide and that special care will be given to those parts of Canada where the need for rehabilitation and reconstruction is more strongly indicated.

At the risk of being accused of being too regional, I consider that Nova Scotia, Cape Breton island and the constituency I have the honour to represent in particular will be the first parts of Canada to receive a practical application of this rehabilitation scheme. There is no part of this dominion which has received less support of that kind. On Cape Breton island and in the constituency which I represent we have many resources, on the land, in the forest and in the sea. Wrapped up in the rocks and in the bowels of the earth is enough mineral wealth to make us all happy and rich. In addition, Cape Breton island is a veritable tourist mecca. If our economic condition is below par it is not because of a lack of resources; it is not because of a lack of brain and brawn; it is owing to the fact that in spite of the industry and intelligence of our people there remain problems which they themselves cannot solve without governmental assistance.

One of our greatest problems is that of transportation, and a large part of this problem is caused by the bottleneck which exists between the great city of Sydney and the mainland of Nova Scotia. Our transportation condition is such that at the present time a locomotive can haul only eighteen cars from Sydney to Point Tupper, but the same locomotive can haul eighty loaded cars from Moncton west. This haulage inadequacy, if I may so term it, is because of a very high grade and many curves on the road.

That is not the only trouble. Not only are we suffering from a lack of haulage facilities, but we are subjected to a delay of from five to seven hours on account of having to ferry our freight and our passengers across the strait of Canso. In other words, a loaded train arriving at Point Tupper which has to be ferried to Mulgrave will reach Truro seven

hours later than it would if the train could cross a bridge or causeway. It costs $500,000 to operate the car ferries at Point Tupper, to say nothing of the capital replacement after a certain number of years. There is operating across that strait a highway, now operating at a loss. If a causeway were built there it would afford a passage for cars, and that project which to-day is operating at a loss would become a source of revenue simply through a toll being charged for crossing the bridge. The people of Cape Breton are vitally concerned in this matter. There is very much ado about the cost of this project; but we, in Cape Breton, realize that we have been contributing to projects in other parts of Canada from which we derive no physical or financial benefit, and when we consider what has been expended in that way we feel justified in saying that the matter of cost should not enter into this scheme at all. The first and only consideration should be to supply proper transportation so as to overcome the inadequacy from which we are suffering. It is pretty nearly time that the people of Canada when they are speaking of the eastern and western boundaries of this great dominion of ours should say, "from Sydney to Vancouver", instead of saying from "Halifax to Vancouver". I think this project is economically sound. It would be costly, no doubt, but it is certainly a project to which our people are entitled.

That is not all I have to say about transportation facilities in our part of the country. In my constituency there are two short lines of railroads. We have a railroad from Point Tupper to St. Peters in Richmond county. We have another railroad from Point Tupper to Inverness in Inverness county. Both of these roads should be further extended. The development which has taken place in the fishing, lumbering and farming industries north of Inverness warrants the extension of that railway in order to provide proper and adequate transportation facilities for that section of the country. There is another reason why this extension should be made. From the town of Inverness to Margaree harbour is a belt of coal which has lain undeveloped, I believe just for lack of the transportation facilities which this extension would provide.

I should like to add this further word about our transportation facilities. The train from Point Tupper to Inverness as well as the train from Point Tupper to St. Peters consists of one passenger coach and a number of freight cars. If you want to have a good example of one of the relics of olden times you should take a ride on the coach of each of these trains. The heating system is terrible. It is so bad that it renders the coach air-polluted rather than air-conditioned. The only compensating thing about it is that the coal gas renders the passengers, if they have any distance to go, sort of semi-conscious, so that they do not feel the bumps from the uncomfortable seats in that coach. I would suggest to the Minister of Transport (Mr. Michaud) that he substitute for this air-polluted mobile contraption—I cannot call it anything else—a fairly decent passenger coach that would not tax the respiratory organs of the passengers and would not be so severe on their dorsalis and gluteus maximus muscles. I think that is something which our people deserve. We have been tolerant. We know the conditions of war; we know the scarcity of materials; nevertheless we feel that just so soon as it is possible to make this substitution it should be done.

Another thing that should be given careful consideration in the rehabilitation programme is our fisheries. We have in the north of Inverness county three large cooperative fisheries, and we have three private individuals who are carrying on that industry there in a big way. But under the circumstances, with a lack of facilities, they are not able to reach anything like maximum production or get the price which they should for their fish. We all know that the marketing of fish to-day has changed materially from conditions prevailing a few years back. You can no longer tie a rope about a cantle of fish and ship it and sell it on the market. Mackerel to-day must be filleted. You cannot put it on the market round. The best codfish to-day is processed into boneless fish. These products are perishable, and there are no refrigeration facilities. They cannot be processed profitably because of the lack of refrigeration facilities. Local refrigeration is a necessity in carrying on this work. I have been trying for the last three or four years to get a refrigeration plant in the centre of the north at Grand Etang. When one looks around and sees all that these people have done under the greatest handicaps I certainly cannot understand why we should not at least encourage them in the wonderful efforts they have already made by providing them with refrigeration facilities.

At Cheticamp a few years ago we had a life-saving boat. This possibly does not seem to hon. gentlemen a very important thing, but I can tell this house and the minister that the lack of that life-saving boat at Cheticamp is responsible for a lack of production of fish. I will tell you why. The men are operating in that section with small boats and they are not going to attempt to go any distance outside where probably the fish are schooling unless the weather is quite evidently fine. If there

is any suspicion or forecast of bad weather they refuse to go out; whereas, if they had a life-saving boat at Cheticamp, they would feel that if they got into trouble there would be some refuge in the storm. I urge upon the minister the consideration of this very important matter. It would not be costly, because it would mean only a few hundred dollars, and I can assure him that it would have a great effect on the production of fish in that area.

Lumbering is another thing that will receive consideration under the rehabilitation scheme. The lumber industry in my constituency is one of our greatest industries. The province of Nova Scotia has done a great deal in the way of conserving our forests and in encouraging that industry in many ways. From the revenue that is accruing to the dominion from that industry, I really think something more should be done to encourage it.

What I have said about fisheries in the county of Inverness applies also to the counties of Richmond and West Cape Breton. These people, alone and unaided, have done wonderful work in that industry. They have established cooperatives there, and they are carrying on, under difficulties, a business which is very important not only to themselves but to the dominion as a whole.

Another thing that should come under the rehabilitation scheme is an intensive geological survey of our mineral wealth. I believe that if any section of this dominion has been almost absolutely immune from research of this kind it is the island of Cape Breton, and I would urge upon the Minister of Mines and Resources (Mr. Crerar) that he see to it that as a post-war programme, and knitted into the fabric of rehabilitation, there should be an intensive research into our minerals, which I believe exist in abundance although they have not yet been revealed.

Another industry that will receive consideration, and one that should be considered particularly in my constituency, is the farming industry. As has already been pointed out to the house, there are hundreds of thousands of fertile acres in Nova Scotia which are submerged, and each year these submerged areas are increasing. This does not mean that our farmers are negligent or that they are not trying to help themselves; but this is a problem in which they cannot help themselves, and this reclamation of land, and the preservation of other land that will be overrun if some precaution is not taken, is one of the most important things I can conceive of in the province from which I come.

Talking about centralization and decentralization, another thing we are suffering from in the island of Cape Breton, is the lack of an abattoir. The result is that our people in Cape Breton during this war have not been allowed the bonus on hogs simply because the only abattoir to which we have access is in Moncton, New Brunswick, and the cost of transporting our live stock there is too great. Moreover, the inconvenience is quite a serious matter. I think we should have an abattoir on the island of Cape Breton.

Something else which I believe is indicated is some sort of experimental station, a farm owned by the government, for the purpose of encouraging our people in the industry, setting an example in the way of increasing our stock and improving it, and interesting our people in sheep raising or something of that sort, for which our country is well adapted. I know several sites in my constituency which would be very suitable for an experimental farm of that kind, not far removed from a market, with splendid water, enough acreage, good pasturage, and surrounded by the most prominent farmers in the constituency.

We have heard something about the civil aviation scheme. I hope, when that is put into effect, our section of the country will not be overlooked. We have one of the most suitable sites for an airport right on the very brim of Cape Breton Highland park, and after this war, with our tourist meccas we have all around us, we expect that the influx of tourist traffic will mean to us the greatest revenue of all our industries.

We know also that these men who come to visit our country, in order to admire our scenic beauties and to bask in our restful surroundings, have not very much time to spare, and I do not doubt that many hundreds, yes, thousands, of these people will come to our meccas by plane. I said before, we have, adjoining our national park, one of the best sites in Nova Scotia for an air field. I would ask the minister, who is so greatly interested in the matter, when the house closes, if he is looking around for a place to admire beautiful scenery and to get a rest such as he would never obtain in any other part of the world, to look over our prospects in that direction.

Mr. GILLIS: He had better take a lunch with him.

Mr. McGARRY: Why?

Mr. GILLIS: Well, after the description you have given us.

Mr. McGARRY: What description?

Mr. GILLIS: All the fixing up that the whole constituency needs.

Mr. McGARRY: Do you not agree with me?

Mr. GILLIS: Certainly I do; but when you invite him he had better bring his lunch with him.

Mr. McGARRY: We are not paupers, you know, although we hope to be better off when we are given our just rights.

Mr. GILLIS: Hear, hear.

Mr. McGARRY: I would ask the hon. member this question: If you are not in harmony with the suggestions I have made with regard to improvements, will you not make a definite statement to that effect?

Mr. GILLIS: I have been asking for those improvements for four years.

Mr. McGARRY: May I not ask also?

Mr. GILLIS: Why, certainly.

Mr. McGARRY: Then why cast reflections on my constituency?

Mr. GILLIS: I did not do that.

Mr. McGARRY: You are not the only one who can ask for things.

There is another matter in this scheme that I should like to refer to, and it is the last one I shall bring up. Some consideration should be given in the plan to the erection of a drydock at Louisburg. I see that the minister is smiling. I may tell him that that particular site has been investigated by some of the best engineers in Canada, and they say that if ever there were a natural site for a drydock it is at Louisburg. Louisburg is an open port the whole year round. If we are to expect and take for granted what we are told by those who have confidence in shipping and shipbuilding, that it is an industry that will be one of the greatest that we have after the war, I myself think the problem of establishing a drydock at Louisburg is a very important matter.

These are a few of the things with which I wish to deal. I am sorry that I had to be more or less regional in my remarks; I am sorry that I could not deal more fully with everything that is contained in the budget, but I have taken that part of it which I consider to be the most important part and that in which my own constituency is interested. If I have been too regional in my remarks I apologize for it; but I say that, after all, when we are talking as some people are talking probably too frequently about things, we should harp about something that particularly concerns our own constituency and not talk too much and too often about things that do not concern our own constituency or others.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, the words that I have to direct to you to-night are words which I can assure you are not going to be concerned with my own particular constituency. I intend to speak in a broader sense. My remarks will apply to the whole Dominion of Canada, because in some way or another I feel that once a member is elected to the House of Commons he ceases to be the representative of the small community in Canada from which he comes. He must take a larger perspective and try to improve the dominion as a whole. He should not particularly confine his efforts to one small locality in the dominion.

I wish to say a few words to-night on the budget which has just been brought down. All hon. members recall that last year when the budget was brought down we were exceedingly shocked at the size of it, only because it was the biggest we ever had. We were not unduly concerned because we knew that a war was on and it had to be financed. We thought then that $5,360,000,000 was a lot of money, and it was. This year we have gone over that again and have brought down the largest budget in the history of Canada. In spite of that, we are going to be able to carry on. There is no question about that.

One of the things which is most noticeable in the budget is that there is, generally speaking, no change in it, in so far as principle is concerned, from any other budget that has been presented. The same principle of taxation and borrowing is being followed. I could not help being impressed when the minister was speaking. One of the things he emphasized was the fact that there was not to be any higher taxation. I am sure we were all pleased with that. But I often wonder how there could be any higher taxation, because we have reached the height of taxation now. We are taking everything from the people that they can possibly afford to give. We have taken everything that the market can stand. The social credit conception would be that it is not necessary to place such tremendous taxation on the people, and yet we could finance the war just as efficiently as it has been. It has always been my contention that we could finance this war with less taxation, but not without some taxation. The taxation would not necessarily be as great as it is now.

I am not surprised at the lack of change in policy, because the present Minister of Finance (Mr. Ilsley) is—and I am sure he will not mind my saying this—a determined old, orthodox financier. He follows the school of orthodox financing as has been done by every government that has been in power. I am sometimes amazed at the official opposition criticiz-

ing the present government when I remember that their party were in power during the last war and they financed in exactly the same way. Why should they point a finger of criticism at this government? As far as I can remember they have never offered any suggestions to this government showing how they would finance differently. I see the Minister of Pensions and National Health (Mr. Mackenzie) shaking his head. I must make a correction there because the government has created a little national money. May I say to him that if it had not been for the teachings of the Social Credit party I fear they would not have gone as far in that direction as they have? In that respect may I congratulate the government because I think it was a worthwhile action. I am afraid we cannot expect from this government and certainly not from the Progressive Conservative party, when and if they get into power, any radical change in financial policy. Therefore we shall have to continue in peace as well as in war to finance in exactly the same way as we are now doing; that is, by taxation and borrowing, with the limited amount of nationally created currency that this government has issued. But I wonder how the Minister of Finance and his advisers can possiibly conceive of this system going on year after year, continually building up the tremendous debt that we are building up, without some change in policy.

A year ago the national debt stood at about eleven and a half billions of dollars. I have the figures here for this year. I think the increase was about two and three-quarter billions of dollars. That makes our national debt, funded and unfunded, about fourteen billion dollars. That is a tremendous load for the country to carry. It would not be so bad if that were to be the limit of the load. But the load is going to continue to pile up higher and higher, and as I see it we have not much prospect, despite the hopes and the pious platitudes of the Prime Minister (Mr. Mackenzie King) the other day, of our debt decreasing after this war. Therefore we shall have to pay the tremendous interest charge which is a continuing yearly charge upon the people, and we shall have to tax the people for it. When we do that we lower their standard of living to that extent. It is a fixed charge and cannot be changed.

I know the minister has financed in part by the sale of victory bonds. I am not going to say a great deal about that other than that if a man has the money to invest in victory bonds, then I think it is a good business proposition because he gets a good return on his money. It permits him to put money away for a rainy day or to use it after the war is over when there is no danger of inflation. To that extent I agree with the minister. But I fear that in too many cases there has been too much pressure put on the people to buy bonds, and then as soon as the victory bond sale is over and the people need that money—in some cases they had to go out and borrow the money to buy the bonds when they could ill afford to do it—they turn around and cash in on the bonds. That is so because the Minister of Finance must keep on cautioning the people against doing it. Every year he has cautioned them about the same thing, but when a man borrows money to buy a bond and cannot afford to pay it back, the only thing he can do is to cash the bond. However, I shall deal with that a little later on. The minister also mentioned the number of people who held victory bonds, while at the same time he was alarmed at the rate at which they were being cashed. He stated that about one-sixth of our people have bought victory bonds, which leaves about five-sixths of the people without bonds, but those five-sixths of the people are to be taxed in order to pay the interest on the bonds held by the other one-sixth.

Mr. ILSLEY: A large number of them are children.

Mr. JOHNSTON (Bow River): Oh, yes; but even allowing for that it is a tremendous burden upon our people. To offset the number of children, the minister must know that, as time goes on, more and more of these bonds will be turned in, so that that fraction will be reduced from one-sixth to one-seventh or one-eighth. At the same time the number of people who will be taxed to pay the interest on those bonds will become greater and greater. It all comes back to the complaint we have made year after year, that the interest on our bonded indebtedness will be paid to a very few people, while the great majority of Canadians will have to be taxed to pay it. So that the vicious circle continues. In my opinion that is all quite unnecessary, but if the people persist in electing orthodox governments which are dead-set against reform, they will have to take the consequences. It will not make any difference whether they elect a Conservative or a Liberal administration; they will be saddled with the old, orthodox financial machine that will carry on just as it did in the past.

As I read over the budget speech of the minister I recalled the words of the Prime Minister in 1935 when he said, "If you elect me to head the government of Canada I will

go back and do battle with the money power." That battle has been rather a sad affair, as anyone would agree after attending the meetings of the banking and commerce committee. It seems to be going all in favour of the financial system, upholding the present banking laws. The Prime Minister also gave the great assurance that if he were returned to power he would issue currency and credit in terms of public need. Well, I think the people are beginning to realize the true situation, and they will judge this government accordingly.

I was pleased to see the government do one thing; that is, insititute family allowances. May I remind the Minister of Pensions and National Health that the principle of family allowances was first advocated by us; only we called it a national dividend. Well do I remember how hon. members on the opposite side of the house began to clamour, "Twenty-five dollars; you are going to give everybody twenty-five dollars." Well, you do not call them national dividends; you call them family allowances. That is a misnomer and very deceiving to the public, as I will show in a few minutes; but the point is that the principle itself is sound.

Mr. MACKENZIE (Vancouver Centre): Mr. Speaker, I rise to a point of order. My hon. friend is discussing family allowances, and there is a specific resolution on the order paper dealing with that matter. Therefore I submit that he is entirely out of order.

Mr. JOHNSTON (Bow River): But it is in the budget.

Mr. MACKENZIE (Vancouver Centre): There is a resolution on the order paper dealing specifically with family allowances, and I say that the hon. member is out of order in discussing that matter now.

Mr. SPEAKER: The hon. gentleman is addressing himself to the question of family allowances. There is on the order paper a resolution dealing with this very matter, which will be discussed at a subsequent time, and apparently the hon. gentleman is now anticipating that discussion. Therefore at the moment he is out of order.

Mr. JOHNSTON (Bow River): I do not intend to refer to the legislation concerning family allowances, nor do I intend to discuss the matter in any detail whatever. I am speaking of it only as a method of carrying on the finances of this country. The matter was definitely referred to in the budget speech as one means by which the government was going to relieve the burden of taxation, and that is the only connection in which I intend to refer to it. I am quite well aware that the matter is dealt with in a resolution on the order paper, and I have no intention of discussing it in detail. I just wish to point out that when I mentioned this subject I thought I was rather helping the government a bit.

Mr. MACKENZIE (Vancouver Centre): It is not very often my hon. friend does that.

Mr. JOHNSTON (Bow River): Whenever I have an opportunity to congratulate the government I am only too pleased to do so, but that seldom happens. The government has been accused of bringing in this programme of family allowances as election bait, and I should like to say just a word on that point. As I have said already, I believe the principle is sound. The Prime Minister stated definitely that the measure would not come into operation until July 1, 1945, and therefore he concluded that no one could accuse him of attempting to buy votes. Just let us analyse the position. I say that the most honourable thing the Prime Minister could have done was to bring that legislation into effect right now and give the people their family allowances. As it is, what is he doing? He is holding a club over the heads of the people of Canada, and saying, in effect at least, "If you do not vote Liberal—"

Mr. MACKENZIE (Vancouver Centre): Why did you not bring in your measure with regard to paying national dividends?

Mr. JOHNSTON (Bow River): I quite anticipated a question like that, and I shall deal with it later on. In effect the Prime Minister is saying, "If you do not vote Liberal you will not get family allowances. If you do vote Liberal we will give them to you." I think that is the worst kind of political intrigue. The Minister of Pensions and National Health referred to the $25 dividend which we advocated. I want to remind him that that is a principle; that is the philosophy of social credit.

Mr. MACKENZIE (Vancouver Centre): Why did you not do it?

Mr. JOHNSTON (Bow River): If the Prime Minister had kept one of the other promises he made in 1935, that he was going to keep his hands off Alberta, we would have been able to carry out our programme, but from the very first he tried to choke the life out of my province. If he had left Alberta alone we would have paid the $25. This government have recognized and endorsed that principle, because now they are copying us.

But this is not a true family allowance; again the government is deceiving the people. This is nothing more or less than charity to the poor, and I do not like that kind of administration.

Mr. MACKENZIE (Vancouver Centre): Now my hon. friend is discussing the merits or demerits of family allowances, when we have on the order paper a specific resolution dealing with that subject. I say that he is absolutely and definitely out of order.

Mr. JOHNSTON (Bow River): Well, I shall not say anything more about it, Mr. Speaker. When the Minister of Pensions and National Health refers to the $25 a month, however, I say that is part of our philosophy. We believe everybody should be given the $25, or at least a basic standard of living.

Mr. MACKENZIE (Vancouver Centre): You have been pretty slow in Alberta.

Mr. JOHNSTON (Bow River): In this case you are giving grants only to those people who are so poor that they do not come within the income tax brackets, and you are taking the money away from those with children who do come within those brackets. This is not a family allowance; this is charity. You cannot class it as anything else; and from that point of view I condemn it.

Mr. MACKENZIE (Vancouver Centre): I repeat my point of order, Mr. Speaker.

Mr. SPEAKER: The hon. gentleman has been told already that this discussion is out of order, and he must not continue it further.

Mr. JOHNSTON (Bow River): Thank you, Mr. Speaker; I shall abide by your ruling. I know this is a touchy spot with the government, and I shall not continue. I do not want to embarrass them any more than they are being embarrassed. I am just trying to help them, if they want to save their political heads, although I am afraid it is pretty late for that.

Now, for a few moments, I should like to refer to that part of the budget dealing with agriculture. I am very much afraid that agriculture has been overlooked once more. As yet I have been unable to discover any definite policy laid down for agriculture. I know that on several occasions the Minister of Agriculture (Mr. Gardiner) has made much ado about how he was directing agriculture. One year he says that the farmers should raise large quantities of wheat. Another year he says not to raise so much wheat but to go into hogs. The next year he tells the farmers that they had better go into beef, or something of that kind. So that they are continually going from one thing to another. I do not wish necessarily to give my opinion of that, because someone may question it. Rather, I should like to refer to what the president of the Saskatchewan wheat pool had to say, when he made a statement on May 10, 1944. I shall read a portion of it:

The farmers are now in the middle of seeding—

And I have called attention to the date as being May 10.

—and we believe they should have the latest information regarding the wheat situation. We also believe they should be frankly advised of the necessity of substantially increased wheat acreage this spring before it is too late. We had hoped that before this eleventh hour a definite statement with final advice would have been made either by the dominion Minister of Agriculture or the Minister of Trade and Commerce. The last statement on production for 1944 was made from Ottawa following the production conference held in Ottawa last December, and the farmer was advised not to increase wheat acreage. The wheat situation has changed from one of large available supplies pressing heavily upon limited demand into a position where the wheat problem next year will be largely in terms of receiving and transporting enough wheat to supply the market.

Then he goes on to give the carryover in each of the years. I wish, however, to read a little more of the statement. And remember, this is the president of the wheat pool, a man who speaks with some authority. He declares, in regard to our production of wheat:

"The wheat glut is gone—our concern now should be a possible shortage in supply in the event of a short crop or crop failure". He recommended to farmers as a sound policy for 1944 production:

1. Make provision for necessary feed grain requirements with some surplus.

2. Get back to normal summer-fallow acreage to fit sound farming practice on each farm.

In other words, he is repudiating entirely what the Minister of Agriculture has advocated, when he has been jumping from here to there. He is advising the farmers to go back to a regular method of farming, because they are the best judges. All we have to do is to indicate to them the amount we want, and they will arrange their plans so as to produce it. Then it continues:

3. Sow every available acre to wheat with assurance that every bushel of wheat produced is going to be needed.

When you have things like that coming up year after year, is there any wonder that the farmers of this country—not only those in the west, but throughout the whole of Canada—find themselves in a great state of confusion?

I am not going to say that the government has not done something for agriculture, but what it has done has come rather late. One of the great mistakes that has been made in the past has been that prices of agricultural commodities have not been fixed so that the farmer would get his cost of production, plus a fair profit. I am not one who advocates that any industry or any individual should work for nothing. I think the individual is entitled to a profit. If he happens to be an industrialist, then I say that he is entitled to his cost of production, plus a fair profit. If that is true of one industry, then necessarily it is true of another.

When the war began, agriculture suffered particularly. They started out with low prices for their commodities, but the wages they had to pay and the prices they had to pay for machinery jumped immediately—as is always the case. Therefore I say that agriculture has suffered, from the beginning of the war.

What was the excuse given then? I remember a speech that was printed in the newspapers, reporting what had been said by the Minister of Finance when speaking in Toronto. On that occasion he objected to the increase in prices of farm commodities, for fear that it would cause inflation. Well, wheat was only ninety cents a bushel at that time; since then it has been increased to $1.25—somewhere near where it should be—and there is no inflation. But despite the fact that the farmers are now receiving a fair price—and most people think it is a really good price whereas, as a matter of fact, it is not a good price, when one considers the high cost of wages and machinery and of living, and all those other things the farmer has to buy—they are not making much money. I shall prove that, in a moment or two.

I have before me a return affecting Alberta, and published by the agricultural extension service of the Department of Agriculture in that province. This was issued in January, 1944, and was published at the direction of the Hon. D. B. Macmillan, Minister of Agriculture of that province. I have looked through this statement, with considerable concern, because I had in mind a statement put on *Hansard* by the Minister of Agriculture showing how agriculture throughout the whole of Canada was so prosperous. On this sheet, under the heading of grain crops, including wheat, oats, barley, rye, peas, beans, mixed grains and flax seed, we find that the total value of those crops for 1942 was $214,753,000, whereas in 1943 it was only $176,309,000, showing a decided drop. In the west, grain crops have always constituted the greater part of the farmers' cash income. In this instance, however, we find a drop of approximately $40,000,000.

I know the Minister of Agriculture would reply immediately, "Oh, well; they made up the difference in what they gained from their sale of live stock, including bacon and beef." Let us see what they did gain. Live stock, including horses, cattle, calves, sheep and lambs and hogs, were produced in 1942 to a value of $75,729,300, whereas in 1943 the value was $92,838,800, showing an increase of roughly $17,000,000. So that they did make a small increase there. But it will be noticed that they lost over $38,000,000 on their grain.

Let us see what the grand total is—and this is where we find out whether or not agriculture has prospered. The value of production of grain, root and fodder crops, animals slaughtered and sold, dairy produce, poultry produce, honey and wool in 1942 was $362,411,700, and in 1943 it had decreased to $347,280,900, showing a drop of $15,130,800.

Therefore it is certainly clear that agriculture is not making very much out of this war. I am not saying that the farmers should make money out of the war; I do not think anybody should make anything out of it. But some people have the idea that agriculture is making tremendous money at $1.25 a bushel for wheat. Of coure that idea is exploded entirely. And, as I am reminded by the hon. member for Battle River (Mr. Fair), the price of $1.25 has been operative only since last September. These figures will prove definitely that agriculture is not, in my estimation, getting what it should.

If we are to have agriculture as a basic industry in Canada—and I do not think we shall ever get away from that—then we must fix our future agricultural prices so that our farmers will be guaranteed, from the sale of their crops, a fair share of the national income. This may be difficult to figure out, but I think we can start on the basis accepted to-day. We can pay $1.25 for wheat, for example, along with the participation certificates. We could do the same in connection with cattle and hogs. Then, at the end of the year, after estimating the total revenue in that year, certificates could be issued to the farmers in amounts sufficient to make up their fair share of the national income.

Taking the average price during the period between 1915 and 1919, we find that that was the only period in which the farmer received his fair share of national income. I think that what I have suggested must be done. The only way that can be done is as we have expressed in a resolution which stands on the

order paper in my name. I am going to read this so that all may see just what we mean. It was presented on February 7 and it reads:

Whereas agriculture has seldom received its fair share of the national income of Canada;

And whereas the cost of producing all agricultural products varies considerably from year to year;

Therefore be it resolved,—That, in the opinion of this house and in the interest of the nation as a whole, the government be requested to set the prices of agricultural products at such a level that it will guarantee to the farmers of Canada such a yearly percentage of the national income as will have the same relation to the national income as the agricultural population bears to the national population of Canada.

That, in effect, is exactly the stand we think should be taken. Agriculture would then have no complaint because it would be getting its fair share of the national income.

There is another problem facing not only agriculture but other industries. I refer to man-power. This has a bearing upon agriculture, industry and the active army, and the problem is becoming more acute every day. It did not result overnight; it resulted in the first instance from lack of a sound policy on the part of the present government. The fact of the matter is that the government used neither skill nor foresight in the formation of its policy, but was guided almost entirely by political expediency and consideration.

Now that the invasion has started and our casualty lists grow, replacements become more urgent. The difficulty will certainly not be lessened. The government must accept their responsibility; they cannot side-step the issue. It must be faced. As time goes on, it will become more serious. I am not going to say anything more about the man-power policy, but a lot of difficulty lies ahead for agriculture, industry and especially for the armed forces. I have spoken on the question before and I am not going to labour it to any great extent. However, for a minute I wish to refer to the labour problem and then I am through. I spoke on this on the speech from the throne and I do not want to cover ground covered already. I do not think the speech of the Minister of Finance delivered the other day is sound in logic, and I should like to quote briefly from his remarks as quoted in *Hansard*. I quote first from page 4177 as follows:

I have been forced to the conclusion—

Forced, mind you!

—that it would be a desirable change in our income tax law to discontinue the refundable feature of the income tax leaving as the full rates of taxation, the rates of pure, non-refundable tax as they now stand, and depending on voluntary savings to replace the proceeds of the compulsory saving provision.

[Mr. C. E. Johnston.]

I cannot understand the logic of that. He wants to give relief by withdrawing the compulsory portion of the tax, and at the same time he wants the people to turn around and invest in bonds. Where will be the relief if they follow that advice? They will be short of money in any event. I believe the Minister of Finance was on sound ground when he had the compulsory savings. It was fair, and he so stated. To expect that that money will be put into victory bonds is not going to accomplish what he desires to accomplish. As he has pointed out, the people are continually cashing them in, which defeats his purpose. He goes on to say:

The refundable feature of our income tax law provided simply a method of borrowing and of borrowing for progressively shorter terms as the war goes on. With the provision of allowances for contractual savings, it embodied a principle of fairness which I regret to relinquish.

Then why did he relinquish it?

Mr. ILSLEY: For the reasons stated in the speech.

Mr. JOHNSTON (Bow River): There again I think the minister was unsound in his conclusion. As I read this over, I begin to think he did that against his better judgment. I may be wrong, but certainly I think he was wrong.

Mr. ILSLEY: I gave the reasons in my speech.

Mr. JOHNSTON (Bow River): The minister said, "I have been forced to the conclusion". What that means is a matter of interpretation; nevertheless it is there. It seems to me that in that statement the minister was admitting that this was another thing which had been done because of political expediency. I hesitate to make a statement of that kind, but I am almost forced to do it. The minister continued:

Nevertheless, if this particular method of borrowing, despite its virtues, has the one fault of discouraging production at this critical period of the war, or if by its rigidity it creates hardship among those, income groups whose incomes leave little room for adjustment, then another method of borrowing must be found.

It is recommended, therefore, that no further deductions for the refundable or savings portion be made after June 30, 1944.

He says that it discourages production; yet he is going to give back the refundable portion and ask the people to invest in bonds. They will be short just the same. That is not going to increase the amount of money they have. It will help them for the time being, but it will not relieve them of any burden of taxation. If the minister were sincere I think he

should have left in the compulsory saving and freed from taxation all overtime which would provide the required increased production.

Mr. ILSLEY: I will speak about that later on. Has the hon. member really thought more than three minutes about it?

Mr. JOHNSTON (Bow River): I am just taking what the minister said. I do not think he has given a great deal of consideration to it himself because it is so confusing. I will not say anything further on that because he is going to add to the confusion at a later time, he says.

I wish to conclude my remarks by quoting a short paragraph which appeared in the Ottawa *Citizen* of Saturday, February 26, as a reprint from the *Western Producer*. I quote:

Whether we like it or not we shall be compelled to cross the boundaries erected by orthodox economists and politicians and to find and establish a method of distributing our products to our own people—a method which will not be affected by the volume of world trade. The problem is simply stated. We can produce food and other goods and services in abundance in Canada. There is no material reason why a single Canadian should go hungry or homeless or unclad because of the condition of world trade. We must, no matter how it may shock our conservative mentalities, set about finding a third method of building prosperity in Canada. We must devise and proceed to put into operation a system of distribution amongst our own people which will permit them to enjoy the full fruits that will flow from total use of all our resources.

In brief, that is exactly what Social Credit says is the solution.

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

YEAS

Messrs:

Blackmore	Johnston (Bow River)
Bryce	Knowles
Burton	Kuhl
Coldwell	Nicholson
Fair	Noseworthy
Gillis	Quelch—13.
Hlynka	

NAYS

Messrs:

Abbott	Dupuis
Aylesworth	Edwards
Bence	Farquhar
Bertrand (Laurier)	Ferland
Bertrand (Prescott)	Gershaw
Black (Cumberland)	Gibson
Black (Yukon)	Gladstone
Boucher	Golding
Bradette	Graydon
Breithaupt	Hanson (Skeena)
Casselman (Grenville-Dundas)	Ilsley
Cloutier	Jackman
Crerar	Kinley
LaFleche	Kirk
Lafontaine	Nixon
McCann	O'Neill
McCulloch	Perley
Macdonald (Halifax)	Pottier
McGarry	Purdy
Mackenzie (Vancouver Centre)	Ralston
MacKinnon (Edmonton West)	Reid
MacKinnon (Kootenay East)	Rennie
MacLean (Cape Breton North-Victoria)	Rickard
McLean (Simcoe East)	Rowe
McNiven (Regina City)	Ryan
Martin	Senn
Maybank	Sissons
Mayhew	Soper
Mutch	Stirling
Neill	Stokes
	Taylor
	Thauvette
	Tucker
	Tustin
	Weir
	Winkler—66.

On motion of Mr. Reid the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. CRERAR: Mr. Speaker, I desire to move, seconded by Mr. Ralston, that the house shall meet at four o'clock to-morrow afternoon.

Motion agreed to.

It being ten minutes past eleven o'clock, the house adjourned, without question put, pursuant to standing order.

Friday, June 30, 1944

The house met at 4.20 o'clock.

PRIME MINISTER OF NEW ZEALAND

ADDRESS TO MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS TO BE PRINTED IN THE OFFICIAL REPORT OF DEBATES

Hon. T. A. CRERAR (Minister of Mines and Resources): Mr. Speaker, I desire to move, on behalf of the Prime Minister, seconded by the Minister of National Defence:

That the address of the Right Hon. Peter Fraser, Prime Minister of New Zealand, delivered before the members of the Senate and of the House of Commons of Canada in the chamber of the House of Commons on Friday, June 30, 1944, be included in the *House of Commons Debates* and form part of the permanent records of this parliament.

Motion agreed to.

(For text of address of Prime Minister Fraser, with speeches of welcome and thanks, see page 4419.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 150, for the relief of Eugène Charron.—Mr. Macdonald (Brantford City).

Bill No. 151, for the relief of Lillian Bessie Noall Salmon.—Mr. Hill.

Bill No. 152, for the relief of Joan Helen Gorham Glover.—Mr. Emmerson.

Bill No. 153, for the relief of Elsie Hollingsworth.—Mr. Casselman (Grenville-Dundas).

Bill No. 154, for the relief of Louis Joseph Jules Laurencelle.—Mr. Macdonald (Brantford City).

Bill No. 155, for the relief of Freda Altman Scheien.—Mr. Factor.

Bill No. 156, for the relief of Ivan Walter Moore.—Mr. McIlraith.

VETERANS AFFAIRS

ESTABLISHMENT OF DEPARTMENT—CONCURRENCE IN SENATE AMENDMENTS

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health) moved the second reading of and concurrence in amendments made by the senate to bill No. 83, to establish a department of veterans affairs.

He said: Mr. Speaker, at this stage I would ask the house to deal with two very slight amendments made by the other house to bill No. 83. These amendments appear at page 513 of *Votes and Proceedings* for June 29. The first amendment is purely one of drafting, namely, to leave out the word "such" as it appears at page 2, line 34, of the bill. The amendment is of no consequence with the exception of draftsmanship. The second amendment is a new paragraph to be inserted as recommended by the other house. This too is found at page 513 of *Votes and Proceedings*. The proposed section reads:

> The minister shall annually lay before parliament, within fifteen days after the meeting thereof, a report and statement of the transactions and affairs of the department during the year then next preceding.

This was advocated by several hon. members from the floor of this chamber.

Motion agreed to; amendments read the second time and concurred in.

[Mr. Crerar.]

SURPLUS CROWN ASSETS

PROVISION FOR CORPORATION AND ADVISORY COMMITTEE—CONCURRENCE IN SENATE AMENDMENT

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health) moved the second reading of and concurrence in an amendment made by the senate to bill No. 137, respecting surplus crown assets.

He said: Mr. Speaker, this amendment is found at page 514 of *Votes and Proceedings* for June 29. The amendment is purely one of wording. It is suggested that at page 4, line 9, of the bill the word "has" should be substituted for "had."

Mr. GRAYDON: It looks as though the senate is dealing with tenses.

Motion agreed to; amendment read the second time and concurred in.

RECONSTRUCTION

ESTABLISHMENT OF DEPARTMENT—CONCURRENCE IN SENATE AMENDMENTS

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health) moved the second reading of and concurrence in amendments made by the senate to bill No. 82, to establish a department of reconstruction.

He said: Mr. Speaker, I ask concurrence in these amendments, because they are non-contentious. Hon. members will find that section 8 as amended would read:

> 8. Any member of the civil service transferred to the department from some other department shall not forfeit any of the rights and privileges appertaining to a civil servant because of such transfer and, on ceasing to be employed by the department for any reason other than misconduct, shall be eligible, without loss of seniority or pension or other rights, for assignment to a position in the civil service of the class held in the department, or to any other position for which he may have qualified.

That is the new wording of the old section 8, prepared this morning, on the advice of legal counsel in my presence.

The second amendment has reference to section 10 of the bill dealing with offences. The suggested section reads:

> 10. (1) No person who obtains, under or by virtue of this act, information in relation to the business of any other person, shall, without the consent of such person, disclose or allow to be disclosed to anyone not legally entitled thereto, any information so obtained, in such manner as to be identifiable as being in relation to the business of such person.

This is a distinct improvement on the former phraseology. The purport, however, is exactly the same.

The next amendment made by the senate affects section 11. It is suggested that after the word "minister" the words "under the provisions of this act" be added. That limits the effect of the section.

Motion agreed to, amendments read the second time and concurred in.

SALARIES

INQUIRY AS TO ORDER IN COUNCIL PASSED IN 1941

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, if the Minister of Labour has not the information available to answer the question I am about to ask, perhaps he would accept it as notice. A few days ago the press carried a report to the effect that an order in council passed in 1941, I believe it was, dealing with the freezing of salaries—not wages—was about to be amended, and that some announcement had been made either by the minister or his department to that effect. Has the minister any further information he would care to convey to the house at this time in the matter?

Hon. HUMPHREY MITCHELL (Minister of Labour): The salary order comes under the jurisdiction of the Minister of National Revenue, and I would ask that the question stand as notice for him. The Department of Labour has no jurisdiction over salaries.

HOUSING

PRESENT SUPPLY POSITION—PROGRAMME FOR 1944

On the orders of the day:

Mr. LIONEL CHEVRIER (Parliamentary Assistant to the Minister of Munitions and Supply): Mr. Speaker, the Minister of Munitions and Supply (Mr. Howe) has asked me to make the following statement on his behalf.

On May 11, during a discussion on housing, I pointed out briefly that priorities "for small house building are being met in as effective a way as possible having regard to the requirements of war" and that I could not promise that housing construction would be given the same consideration as direct war production. I would like now to amplify that viewpoint and, in addition, give the house some highlights on our present supply position in relation to the building of houses.

This government has always recognized that shifts in population, which are a necessary part of our increase in industrial production and the expansion of our armed services, have overcrowded certain communities and created a definite need for additional housing accommodation in those areas. A part of the need for increased housing is, of course, directly connected with the war and will be eased with the termination of the war. This phase of the problem has been largely met by the operations of Wartime Housing Limited, which has built more than 18,000 units during the past three years. The other part of the need for increased housing has its basis in the permanent development of our economy, that is, houses identified with industrial projects which have been created or expanded during the war but which may also have a place in meeting demands for civilian production or export trade, after the war. Here, the changes are expressed not only by the need for additional housing but the desire for improved accommodation. To the extent that the materials could be made available after providing for war requirements this need has been met in a reasonable degree by permitting the erection of private dwellings or conversion of existing builders under licence from the controller of construction. During 1943, 23,575 licences were issued in this way and 12,945 have been similarly issued in 1944 up to May 31.

A few weeks ago in this house my colleague the Minister of Finance outlined some proposed amendments to the present National Housing Act which would assist considerably in financing new housing construction. In his remarks my colleague was careful to emphasize that the improvement in financing arrangements would be immediately effective in providing new housing accommodation only to the extent that materials and man-power could be made available and would not become, "fully operative until the end of the war, or at least until the period of acute material and man-power shortages has ended." Unfortunately there has been a tendency in some quarters to overlook the qualifications that were made and to assume, quite erroneously, that there is a general government policy of encouraging the immediate construction of private housing on a large scale all across Canada. Such is not the case.

During 1944 the housing programme must be limited. It will be limited by our war programme and the resultant shortages of materials and man-power. Of necessity we will not be able to permit the construction of all the houses we would like to authorize. Materials for housing are being produced only to the extent that it does not jeopardize, in any way, the flow of munitions to our troops and allies. The time is not yet here when we can provide unlimited quantities of construction materials.

Furthermore, such materials as we are able to provide must be stretched out in such a way as to allow the greatest possible amount of housing accommodation. Thus it is neces-

sary to confine the issuance of housing construction licences to projects which are needed to provide homes for those without essential accommodation. Projects which aim merely to provide improved accommodation must be deferred until the period of scarcity is over.

This means that housing construction licences are being issued only in those areas where houses are required and only within the limits set by the expected availability of materials. Our latest survey shows that lumber, bricks, tile, concrete blocks, plumbing fixtures and furnaces are all in short supply in most areas. Those materials which are now available, or will become available in wartime, are not necessarily of the same type as in peacetime, and in many instances substitute or alternative materials must be employed. With such materials, buildings of inferior quality may result. This situation underlines the advantage of deferring construction, wherever possible, until the war is over.

It also emphasizes the necessity for careful planning of any construction which may be necessary at this time. I would urge every builder to blueprint his projects in accordance with the type of materials available.

The demand for lumber, particularly packing and crating lumber, required for war purposes in Canada and in the United Kingdom, the United States and empire countries continues to rise. Every effort is being made to increase the quantity available for housing in Canada and exports are being permitted only for direct war uses. In some areas, particularly on the west coast, the supply of lumber determines the number of houses which can be authorized.

In normal times Canada would have in stock at this time of year, 40 to 50 million bricks and 35,000 tons of structural tile. To-day such stocks are negligible. The brick production is now at a rate of only 68 per cent of what it was in 1940 and tile at a rate of 76 per cent. The rate of output of concrete blocks is even lower. It stands to-day at 37 per cent of the 1940 rate.

It is expected that the number of plumbing fixtures which can be produced in 1944 will not be sufficient to provide for the housing and house-conversion programme and, at the same time, for replacements in existing homes. To attain our goal—the creation of additional housing accommodation—it will be necessary to ensure that the available supplies of fixtures be channeled, as far as possible, into additional housing units rather than into the improvement of existing homes.

The supply of hot air furnaces will not meet by a wide margin our over-all requirements for replacements and new housing. The shortage of steel sheet, and a reduced foundry output, have combined to decrease the production of such furnaces. Thus it becomes necessary for the wartime prices and trade board to arrange a controlled distribution system by means of certificates of essentiality for the sale and delivery of hot air furnaces.

My purpose in giving the house this summary of the present supply position, as it relates to housing, is to emphasize that our housing programme is still on a minimum basis and that there can be no relaxation of this policy so long as our armed services and the conduct of the war require the full support of our production resources. Housing will be provided where it is essential and deferred under all other circumstances.

I would also like to point out to the house that these same shortages of bricks, lumber and tile will affect, equally, the construction of industrial or commercial buildings. And there is another shortage of particular concern to such projects. The recent increase in our shell programme has required that production of structural shapes for construction purposes be sharply reduced in order to transfer the maximum quantity of steel over to the shell programme. In fact our present steel rolling schedules call for not more than 3,000 tons per month of structural shapes, a drop of 55 per cent from the production in the last calendar quarter of 1943.

The combination of these shortages will make impossible the construction of any industrial or commercial building which is not immediately necessary and I would ask those now in possession of licences for such projects to consider seriously the advisability of postponing their construction until such time as the present period of scarcity is over. Such voluntary curtailment of construction, when coupled with the restrictions now being imposed by the controller of construction, will have the added advantage of building up a backlog of construction activity which will stand us in good stead when the pressure of war has been relieved.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, may I direct a question to the parliamentary assistant? I do not want to find fault particularly with his statement, because apparently many of the materials required for housing appear to be in short supply. But it is not many weeks ago—this is my reason for rising to protest—that I heard the Minister of Finance describe in some detail the terms of the proposed new housing legislation that was to be brought before the house. If my memory serves me correctly, and I have not the record here, he said that he was making the statement so that those who intended to build would know what the future held for them with respect to finance

and need not wait until the legislation was brought down. He then gave some description of the financing of the plan for housing. In view of all this, I intimated in effect that there was little use in talking about a new housing programme unless the question of priorities was first cleared up. There was no satisfactory answer to that. But all across this country people, many of whom I know, believed that the government was now opening new avenues to greater housing accommodation by way of finance. If I may say so, Mr. Speaker, in view of the parliamentary assistant's statement now that there is no desire to encourage housing—his remarks rather indicated that it is to be discouraged—why was not this statement of his made concurrently with the statement made by the Minister of Finance? Patently the two statements should have been made together, because made separately they only confuse the issue and bring about conflicting opinions throughout the country, as well as laying the government open to the charge that their departments are not co-operating in respect to this matter. I ask the parliamentary assistant to clear up that point, if he will.

Hon. T. A. CRERAR (Minister of Mines and Resources): Perhaps I might answer my hon. friend.

Mr. GRAYDON: Is another department entering into this?

Mr. DEPUTY SPEAKER: There is no question now before the chair. The discussion is out of order, but I think an answer might be given by the minister to the question asked.

Mr. CRERAR: I can satisfy the curiosity of my hon. friend.

Mr. GRAYDON: It is not curiosity. It is the situation that is curious.

Mr. CRERAR: If it is not curiosity, his remark that another department was coming into this was very inept.

Mr. GRAYDON: Another minister is speaking on the matter.

Mr. CRERAR: The hon. gentleman who leads the opposition endeavoured to score a point from a basis that does not exist.

Mr. HANSON (York-Sunbury): That is a matter of opinion.

Mr. GRAYDON: It does exist.

Mr. CRERAR: The hon. member for York-Sunbury would be well advised to keep quiet until I finish my statement.

Mr. HANSON (York-Sunbury): You cannot lecture me, or anybody like you.

Mr. CRERAR: The first point the leader of the opposition makes is, why was not the statement which the parliamentary assistant made to-day made when the Minister of Finance made his statement.

Mr. GRAYDON: Right.

Mr. CRERAR: If my hon. friend will read carefully the statement of the Minister of Finance, he will find that there is not a very good foundation for the interpretation that he put upon it to-day.

Mr. GRAYDON: Has the minister the statement there?

Mr. CRERAR: No, and my hon. friend has not got it either, and he should have it before he comments on it.

Mr. GRAYDON: You should have it before you interpret it.

Mr. CRERAR: In the second place the situation has changed in the interval since the Minister of Finance made his statement.

Mr. HANSON (York-Sunbury): In what respect?

Mr. CRERAR: In that there is a greater demand for lumber going overseas than was anticipated at that time.

Mr. GRAYDON: We anticipated that when we questioned the government at the time.

Mr. CRERAR: Members of the government can scarcely be expected to have the prescience of hon. members opposite.

Mr. GRAYDON: I do not think anybody accuses them of that.

Mr. MACKENZIE (Vancouver Centre): I would hope not.

Mr. CRERAR: I do not think there is very much to the point my hon. friend has raised.

Mr. GRAYDON: Certainly nothing has been cleared up with respect to it.

Mr. DEPUTY SPEAKER: Order. I cannot allow this discussion to proceed further on the orders of the day.

Mr. A. R. ADAMSON (York West): In view of the statement of the parliamentary assistant, may I ask him a question with reference to a conference which I understand was held between wartime housing and the Soldiers' Dependents Society in Toronto with regard to building one hundred units for soldiers' dependents. Is that to be proceeded with?

Mr. CHEVRIER: I am not familier with the conference to which my hon. friend refers.

Mr. ADAMSON: Between the mayor of Toronto and wartime housing.

Mr. CHEVRIER: I am not familiar with the conference, but I shall be glad to inquire and give a reply.

Mr. ADAMSON: I will give my hon. friend the correspondence.

PURCHASE OF WARTIME HOUSES BY PRESENT OCCUPANTS—EVICTION OF SOLDIERS' FAMILIES

On the orders of the day:

Mr. P. C. BLACK (Cumberland): Mr. Speaker, I should like to direct a question to the Minister of Munitions and Supply. Are any steps being taken by the department to facilitate the sale of wartime houses to war workers who are now occupying these houses? I know cases where the occupants are desirous of purchasing the houses. Can such sales be made? I think it will be generally agreed that they should be made as quickly as possible, both in the interests of the occupants and in the interests of the country.

Mr. LIONEL CHEVRIER (Parliamentary Assistant to the Minister of Munitions and Supply): I did not get notice of the question, but I shall be glad to take cognizance of it and give my hon. friend a reply.

Mr. GRAYDON: I should like to ask a question arising out of the one just put regarding wartime houses. Perhaps the parliamentary assistant to the Minister of Munitions and Supply would take the question as a notice and give a reply at the next sitting of the house. One of the mayors at the recent meeting of the heads of municipalities which took place in Quebec made a statement—I have not it with me but I shall be glad to send it to my hon. friend so that he may be in a position to answer—to the effect that in a particular locality so long as the occupant of one of these wartime houses was working in a war plant he was allowed to live in the house, but the moment he enlisted for active service his wife and family were evicted. That occurred, according to the report, at a time when there were in that locality vacant houses in the wartime housing group. I will send the clipping to the parliamentary assistant.

FARM FLOOR PRICES

INQUIRY WITH RESPECT TO LEGISLATION TO BE BROUGHT DOWN

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, I should like to address a question to the Minister of Agriculture. On one or two occasions the finance minister has indicated to the house that we might expect a bill establishing floor prices for farm products, and I think he also intimated that the Minister of Agriculture might be the one to introduce the bill. May I ask the minister when we may expect it, and who will introduce it?

Hon. J. G. GARDINER (Minister of Agriculture): The bill is in preparation in my department in cooperation with the Department of Justice. It will be brought down in a very short time. I cannot give the exact date, but it will be brought down very shortly.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Thursday, June 29, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and on the proposed amendment thereto of Mr. Rowe.

Mr. THOMAS REID (New Westminster): Mr. Speaker, we have just listened to the splendid address delivered by the Right Hon. Mr. Fraser, Prime Minister of New Zealand. As one who was born in the same country, indeed in the same neighbourhood, may I pay my humble tribute to one of Scotland's sons who has made a name for himself by his public service to New Zealand and thereby to mankind.

In rising on this occasion to take part in the budget debate, my purpose is to discuss one or two matters affecting particularly the people of British Columbia, but before doing so I wish to touch briefly on some of the matters outlined in the budget which have been mentioned by various speakers since the debate began.

The chief critic for the official opposition in his speech accused the Minister of Finance (Mr. Ilsley) of bringing down an election budget. While this may or may not be the last budget before an election takes place, the fact that only a few minor changes have been made from the budget presented last year to the house and country makes the accusation to my mind seem ridiculous.

I wish to say a word regarding the criticism that has been levelled against the refundable portion of the tax which has now been eliminated. The members of the war expenditures committee visited various factories throughout the country and discussed with the workmen in them matters pertaining not only to their work but to conditions generally, and their reactions to the various rules and regulations by which

they were governed, and invariably we were told by many of the workmen, that they complained about the taxes which they paid to the government. When it was explained to them that a part of the taxes they were paying was refundable, this information came in many instances as a surprise to these people. From the information which we obtained, there must have been hundreds and hundreds of letters reaching the Department of Finance, because letters were written to many members protesting against what they felt was heavy taxation levied, while very few of the persons complaining realized that a part of the money taken from them was being held to their credit and would be returned. As a matter of fact, especially in the case of those who were paying income tax for the first time, many could not be made to realize that anything taken from them by the dominion government would ever be returned to them.

Another criticism that was made was with regard to taxation in the lower brackets. While it is true that there may be certain hardships in the imposition of taxation in the lower brackets, on the other hand the fact cannot be overlooked that many hundreds more of our citizens in Canada have money standing to their credit than ever before. I will place some figures on the record to show the improved financial position that many Canadians are in to-day. For instance, in 1939, if we take the savings accounts of the Canadian people, there were at that time 4,161,897 depositors having accounts in our savings banks, and to their credit in the banks there was standing the sum of $1,709,156,774. In 1943 these figures had increased respectively to 4,662,113 depositors and, standing to their credit, a total of $1,961,160,946. There was therefore in the savings accounts in Canada an increase in the number of depositors to a total of over 500,000, while standing to their credit there were increased savings amounting to over $252,000,000.

In regard to current accounts, it is also interesting to note the figures, and I am putting them on the record because many of us hold the opinion that no country to-day is in a better position than this Canada of ours. Regarding current accounts, in 1939 there were 684,119 depositors with a total of $821,717,082 standing to their credit. Let us take 1943 next, and may I observe that I am quoting the month of October, 1939, and the month of October, 1943, the latest date for which I can obtain figures. In 1943 there were 738,333 current accounts, and standing to their credit there was $1,826,837,690, showing an increase in current accounts of 54,214 and a total increase of accounts standing to the credit of these depositors, as against the year 1939, of $1,005,000,000. These figures, I believe, speak for themselves, and they show, notwithstanding the criticism we have heard with regard to men in the lower brackets being affected by the income tax, that, generally speaking, the people of Canada were never in a better financial position than they are at the present time, and that never have we had as many people holding deposits in the savings banks, and that, despite the many billion dollars taken out by the people of Canada in victory bonds and war savings stamps.

I wish to deal next with criticism levelled by certain newspapers and clergymen against those of us from British Columbia who are opposed to the granting of the vote to Japanese and who urge their repatriation. To the clergymen and others who go out of their way to criticize us and to call our attitude un-Christian, may I say that I do not doubt their sincerity in the views they hold, but I would point out that many people have held sincere views which nevertheless, in many instances, have been dangerous, and I say without fear of successful contradiction that the views held by those who oppose us are impracticable, however sincerely held they may be, and that those people may in the future regret the stand they are taking.

The Cooperative Commonwealth Federation and some of the newspapers in British Columbia, when dealing with this question and our attitude toward it, endeavour to draw a comparison with what Hitler did in Germany with the Jews. To my mind, and I say this as strongly as I can, this is not only an unfair comparison but also an odious one. When those in British Columbia call it a political trick—well, I will say they know something about political tricks. However, as one who has held views on this subject for quite a long time, long before this question arose exactly in this way in parliament, I mean since the war started, I can sincerely say that I have held these views not from any political point of view but from practical considerations, and I am sure that those who are opposing us will yet regret the stand they are taking. The C.C.F., some ministers of the gospel and others have consistently refused to answer two questions which have been propounded not only since 1939 but since the days away back in the early thirties, and which I propound to them again to-day. I put these questions before the House of Commons and I would also ask hon. members from eastern and central provinces to answer them. I challenge those who have criticized us, particularly members of the C.C.F. in this house and in British Columbia, to answer these two questions which I am

about to put to them. The first is this: Are the Japanese an assimilable race? Can they be properly assimilated, as can members of other races who have come to Canada? The second question, equally important, is this: Can a person, even though born in Canada, be truly a Canadian citizen if that person owes recorded allegiance to another country? Every person of Japanese origin, whether born in this country or not, is registered as a Japanese citizen and is recognized by the Japanese government as being a citizen of Japan, even though born in Canada.

May I add this as further proof. It is strange that those in Canada burying all Japanese prior to 1939 were requested by the Japanese government to send not only the birth certificates but the death certificates as well. That request applied to all Japanese, irrespective of where they were born. To put the matter in another form, suppose a Canadian child was born in a foreign country. The child would naturally be registered, or should be, with the British or Canadian consul. Such registration would make that child a Canadian or British subject. The fact of their being so registered I believe also prevents them from being claimed as a citizen by whatever foreign country they happened to be born in. Why then, in the case of Japanese born in this country, should people hold to the view that, although registered in Japan as Japanese citizens, they are still Canadian? That, Mr. Speaker, is the crux of the whole matter.

Let me point out this further fact. So far as I know, no one of Japanese race or origin in Canada has ever renounced his allegiance to Japan. Not even since Pearl Harbor has any Japanese in Canada taken that action. If the vote is allowed the Japanese that are at present in Canada, the voice of Japan will then be heard in our legislative halls. Since all Japanese are completely under and subservient to the Japanese government, the only ones who could actually be considered as strictly Canadian citizens—if even they can be—are the Japanese babies born since Pearl Harbor because they are unlikely to be registered in Japan. I ask our critics of the C.C.F. party and others to give the people of British Columbia and of all Canada a definite answer to these questions instead of raising bogeys and quoting Hitler. And to those members of the House of Commons from other provinces who have treated the matter lightly and as one belonging simply to British Columbia, I say in all fairness, give some thought to the two questions I have just propounded. I ask them to get out of their minds once and for all the idea that this is a British Columbia question. It is now a Canadian question, a federal question. If I know the people of British Columbia at all, and I think I do, they are adamant that the question shall remain as a federal question.

The other matter about which I wish to speak is one affecting our natural resources and which in turn affects the lives and welfare of our people. I refer to the acquisition by monopolistic interests of British Columbia's heritage of timber. For quite a number of years past the MacMillan lumber interests have been gradually acquiring timber limits throughout the various parts of the province, particularly on Vancouver island. The policy adopted by them is one of buying out mills, following which these mills would then be closed down and the timber limits which they own absorbed within the MacMillan interests. It has almost got to the point where practically no one can go into the business or, indeed, operate unless he has the good will of these lumber interests. The point has now been reached where a fight is on for the supremacy over all timber limits and the control of all mills. It has been indicated that the stronghold held now by the MacMillan interests will likely mean that in the end they will prevail. I endeavoured to warn the government and the people regarding this matter a few years ago, but no attention has been paid to the monopolistic control by this great lumber company. I pointed out then, as I do now, that the interests were such powerful timber and lumber operators that many smaller lumbermen were actually afraid even to make any comments, because the MacMillan interests might interfere with their logging business. Actually the position is comparable with that of the barons of old.

Mr. W. E. Fraser of Shawnigan Lake, charged the MacMillan interests have coralled the timber of Vancouver island. He warned that there would soon be only two mills cutting timber on Vancouver island. He warned also that the independents in the lumber industry would be starved out of business, and that, Mr. Speaker, in the midst of plenty of timber. Mr. Fraser charged also that thirty men who are fighting in Italy and in France at the present time, and who had left the Shawnigan Lake mills, would not be able to return to this mill because it was one of those that had been bought and closed down.

As I said a moment ago, mills have been bought up by the MacMillan interests for the sole purpose of obtaining complete control of the timber and forests of British Columbia. It may well be that I am staking my political

future in bringing this matter to the attention of the government and out in the open, and urging that the federal government take steps, for the good and welfare of Canada, to investigate this monopoly. I am thinking also of the men overseas, who believe that they are going to come back to this country with an equal opportunity to work and, if desired, to go into business for themselves. If this thing is not stopped and rectified they will never have a chance of becoming mill owners, because these interests control or by that time will have control of the entire timber tracts of British Columbia. Not only has the provincial government maintained silence, but, what is more strange, the C.C.F. in British Columbia have maintained what I call a sinister silence. They have at times come out against the big monopolies, but neither the Winchs nor the MacNeills, so far as I know, have come out and named the MacMillan monopoly or its interests. It is my opinion that the MacMillan interests would rather have the Winchs and the MacNeills in power than the Tom Reids. Therefore, as I said a few moments ago, I may be staking my political future in taking the stand that I do this afternoon. I appeal to the federal government, because the provincial government out there have been lukewarm in tackling the large interests of the MacMillan concern. On Vancouver island alone they now own equal to thirty years' timber, and I wish to repeat as emphatically as I can that no one will be able to go into the lumber business or operate a mill unless he has the approval of MacMillan and his henchmen.

Here is what the Vancouver *Sun* had to say about it:

> Billions of feet of our choice Douglas fir, cedar and spruce, units of great value in the natural resources of the province which heretofore have been crown-granted or sold away by licence from public ownership, are being used as pawns in a fight for supremacy.

The article then goes on to show how this parent works and the great controls which it has. The article continues:

> Now there has been built up a close integration covering the entire business, starting from the ownership of the standing tree right through to the retail lumber yard in London or in some Canadian or United States city.
>
> The sawmill company is the parent. An affiliated company, owned by the sawmill, acquires the timber by licence or purchase; another affiliated company cuts the tree and hauls the log to a shipping point; still another corporation, owned by the parent sawmill, operates a tugboat company; still another subsidiary charters ocean-going tramp steamers to deliver the cargoes abroad—an extremely remunerative business, by the way. Each one of these subsidiaries is run to make a profit.

Mr. MacMillan has not been idle during his term in Ottawa as a dollar a year man. He has been able to get more Park steamships under charter than most other concerns. A list of these ships can be obtained from the department by anyone interested in this matter.

As I said, Mr. Speaker, I consider it my duty to bring this situation into the open, and have done so with a view to protecting the heritage and the rights of our people, so that those who wish may have an opportunity to compete in the lumber industry. I urge the dominion government to take steps to carry out an investigation into this monopolistic concern. Since the matter affects the welfare of the people of Canada the government might very well proceed under the War Measures Act. I am quite aware of what may happen as a result of the stand I am taking against these interests. No great protest has been raised in British Columbia, except in the Vancouver *Sun;* as far as I know very few individuals have dared to come out and make any statements such as I have made to-day with regard to these interests. A moment ago I said that my political future might be at stake. I have no doubt that whoever opposes me in the next election will receive the blessing and help of these interests, because, as I say, they would rather have the Winchs and the MacNeills than the Tom Reids.

I am going to close with these words. This may be my last term, but at least I shall have the satisfaction and peace of mind of knowing that I tried to do my duty by protesting against the strangle-hold of this monster organization, and can say, as King Solomon said in his day, that in all my years of service I have accepted no gift to blind my eyes to justice.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, to-morrow is Dominion day, the seventy-seventh anniversary of confederation, and the fifth year our soldiers have been overseas. We as a people owe a great deal to the fact that the history of courage has been rewritten by the glorious deeds of young Canadians on land, on the sea and in the air. To-morrow will be a day of rejoicing, but also it will be a day of sadness for many people. Canada rejoices that she has produced these magnificent young men who have offered their lives for a better world, but to-morrow in the city from which I come there will also be a great deal of sorrow. Nine hundred young high school students have made the supreme sacrifice with the air force, and many others have lost their lives while serving with the other branches of the armed forces. We shall rejoice because Canada, as part of the British empire, has done her duty during two wars

and through a long depression. As a nation we owe our very existence to those young men who, after Dunkirk, saved civilization in the battle of Britain.

I wish to pay tribute to the mother country, who went it all alone for two and a half years save for the help of the dominions. Apparently to-day we are having a meeting of the Scottish clans in this chamber, and I want to add my word of tribute to the Scottish people, to the great Prime Minister of New Zealand who was here to-day, and to the Prime Minister of Australia who visited us recently. When Mr. Curtin was in England recently he paid tribute to the mother country. He said that by their heroic resistance after the fall of France the people of Britain saved the world, and went on to say that the war effort which has been developed by the British isles is one of the wonders of the world. Mr. Curtin was absolutely correct, and I rejoice that to-day the mother country is getting some credit for the valiant efforts she put forth during those years when, but for her, we would have seen the end of civilization and would have had to endure the awful horrors of war on our own soil. On many Dominion days before this war broke out I urged rearmament, both in and out of this house. I have here a speech I made on July 1, 1939, just a few months before the war began, in which I said that Canada might have to suffer the horrors of war on her own soil if we did not wake up. I said that Canada was still asleep, and she did not wake up until the war started. Reference has been made to the province of Quebec. On March 19, 1942, I said in this house:

> We in Canada should be a united country from coast to coast. Wolfe and Montcalm lie buried together at Quebec, and the inscription on their monument attests the unity of the races in this country, as described in the motto on their memorials on the Plains of Abraham. Britain and France in the last war fought for a better world and for a better fate than has befallen them. I have always believed in the principles of confederation since I have been in this house—of the old Cornish battle cry of "each for all and all for each." There is no use in our thinking that this is going to be an easy victory. We have no divine right to victory. This is going to be a most difficult, hard and heavy task and we should face that fact before it is too late.

I am very much surprised at the stand taken by the Bloc Populaire and others in the province of Quebec, because, but for the glorious efforts of the mother country we would have had those awful German people in this country, not only in Quebec but on the Atlantic seaboard, in the maritime provinces, the central provinces and the west. We are a small nation, and we would have had to endure the spies, the sergeant major, the whip, the concentration camp, the loud speaker, the tramping feet, the gestapo, the brutality and savagery that the small conquered nations of Europe have known. This continent would have been compelled to suffer all these experiences, and I am surprised that this fact has not been recognized. I do not believe it is the fault of the people of Quebec; in my opinion the situation has been misrepresented to them, and I think there will be a great awakening in that province when they realize the atrocious crimes that have been committed by the Germans, such as the shooting of some of our young airmen which occurred recently.

I do not wish to take up the argument advanced by the hon. member who preceded me; he is an old friend of mine, but I would suggest that he should complain to his own government about the timber deals and matters of that kind, because it was this government that appointed Mr. MacMillan as the supreme czar over timber in this country. Ever since I have been in this house I have complained about the economic annexation of Canada to the United States. Hon. members will remember the great fight we had in this chamber for cheap light and power, and the Beauharnois and Georgian Bay Ottawa canal bill. We were here for weeks and months, with what result? We saw in one financial publication, "Houston's Annual," that all our natural resources from the Ottawa river right up to the Nipigon in new Ontario, including timber, asbestos, gold, silver, platinum, zinc and all the other metals, had been given away to these people in the United States and underwritten in New York. What party was in power at that time, and also at the time of the Beauharnois and other deals? It was the Liberal party. For many years I have been complaining about the situation in regard to timber control, because it concerns both the provinces and the dominion government. Although I do not know Mr. MacMillan, I believe he is the timber king of British Columbia. I understand that he was appointed by the Minister of Munitions and Supply (Mr. Howe), and if what the hon. member for New Westminster (Mr. Reid) has said is correct, then I think there should be a new timber commissioner, and that Mr. MacMillan should never have been appointed.

It is all very well for us to criticize others. I believe that some of these dollar-a-year men have been good men, but there are others of whom I have grave doubts. I have opposed this control procedure generally, although I am in favour of some controls. In the house for the first two and a half years of the war I opposed the policy and administration controls, but did not receive any support. I

believe that controls with respect to the necessities of life are necessary, in many instances. In some cases they have had a good effect. On the other hand, however, some have not been beneficial. I believe that some of the controllers have been using their positions for their own interests, and for the interests of the companies with which they are connected.

To-morrow will be a sad day in Canada for anyone who looks at the casualty lists suffered by Canadians in Italy and Sicily. It is appalling. We find that there have been 73,122 British, dominions and Indian casualties in Italy from the time of the first landings until the fall of Rome. That is the figure given by Prime Minister Churchill. The loss of Canadians in Sicily and Italy has been very severe. I predicted they would be, and that is what would happen.

I spoke in the house on March 24, 1938, about rearmament, and on that occasion I drew the attention of hon. members to the fact that we should have increased our armaments on land, on the seas and in the air. I pointed out that Canada might possibly suffer from air raids, and that we should defend ourselves from them. I compared what happened in Abyssinia with what might happen on the island of Montreal and at other points along the St. Lawrence river. But nothing was done in that connection.

I now come to matters discussed in the budget. This is about the only chance a member has during the session to speak in general terms. This is the 89th day of the session, and we have not yet had an opportunity to discuss, not only economic affairs but also our relations with the mother country, the empire, foreign affairs and the world at large. I believe it would be a good thing if, by statute, ministers of finance were required to bring down their budgets on a fixed date each year. That would be far better, because we have not had before us until now a statement of assets and liabilities. Nor have we had a look at the balance sheet, until a few days ago.

Every budget is an election budget, because all budgets are prepared with a view to the taxpayer and his power to revise things in an election. I believe there should be a fixed day set for the bringing down of the budget, and that it should be brought down immediately following the opening of each session. Every large corporation follows that procedure. We know that banks and many large corporations have their meetings in January or February. At those meetings they present statements showing business men what they must prepare for.

There is no doubt that this is an election budget, presented on the eve of an election, and it is my view that possibly an election should be held, because nothing can be done about all this post-war talk, all this utopia that is to come, and all these castles in the air, unless we have an election to settle matters; because, after all is said and done, an election would clear things up. Let us clear the air and tell the people what they want to know. They want to be told whether we are to have a totalitarian state, and whether the government under socialism is to take over the banks, the insurance companies, and other industries, or social control and a bureaucracy or freedom. All these matters will have to be decided first, before we can reach any conclusion in respect of other national matters and their solution.

I noticed, in connection with compulsory savings, that the budget offers very little to the white-collar worker, the middle-class people in Canada. It is interesting to note who get the most from the budget. Certainly it does not help those young people who are buying houses, loading themselves with mortgages and with life insurance policies. They are getting no relief. Yet they are being forced to save to pay for their homes on which mortgages have been placed. In addition they have to pay heavy federal income taxes and city taxes. They have their insurance premiums to pay, and they must pay for the high cost of living. Nothing has been done for them in the budget; they are forgotten, altogether. These householders have made their compulsory savings through the agencies I have mentioned, and the budget holds nothing for them. It does not lift any of the burdens they must carry.

This budget is an example of the old worn-out philosophy that we are taking too much money from the taxpayer. More should be charged to capital. This generation has suffered twice from world wars, and loss of flesh and blood. I fail to agree with the hallelujah and hip-hip-hurrah chorus coming from some of the press, from the controlled radio, and also from a great many of the columnists. They form a new sphere of activity in the present war; they did not do so in the last one. These men who write columns are, generally, good men; but I believe they are to some extent responsible, between the two wars, for beclouding the issue as to what has been going on in this chamber.

I complained about this on March 21, 1938, when I pointed out six months before Munich that the people were not being given the facts. I said that if war came upon us those who would be responsible would be the government and the ones who were going to allow the people to have only a certain amount of the truth, or news that they would allow them to have of the war occurrences and pictures.

In connection with victory loans it is my belief that they have cost too much, one or one and one-half points, and that the expenses were too high. Some of those expenses should be cut out, and more of our war debt should be charged to capital account.

The government seems to have been on a spending spree. It is spending money like water. If you look over the civil estimates and expenditures on the war you find that they total $6 billion. In my opinion a great deal of that is not for war at all. Wars are won by soldiers, sailors and airmen who are at the scene of combat and not at home. Something should be done to send overseas these reserves of 75,000 men which are costing us over $150 million.

In addition there has been a lot of extravagance in the civil estimates. I notice a policy has been adopted of sending shows and revues and all that kind of thing all over the country. The wartime prices and trade board have now adopted this fashion. What are they doing? The conservation supervisor of the consumers' branch at Toronto has announced that next fall she will have a revue take to the road, appearing in the high schools in all the provinces from coast to coast. In war time, what a farce! The same sort of thing is going on in other departments and something should be done to get reasonable economy in this connection.

The budget shows that fifty-six per cent of our income comes from the income tax, and I fail to see where anything has been done to give relief to the taxpayers. Great Britain is still our best customer. We talk about lend-lease and what we have given her, but we should not forget what she has purchased in this country in the way of war supplies. These transactions have been carried on to a very great extent, and this fact was not considered by those from Quebec who have been criticizing this thing in the house during the last few days.

The question of labour has come up in the house many times. I have always been a consistent supporter of labour. I have held many public positions and I have always had the united support of labour. My hon. friends to my left, particularly the hon. member for Cape Breton South (Mr. Gillis), should not think they are the only ones looking after the interests of labour. There are others who were in the cause long before there ever was a C.C.F., long before many of these principles were announced.

I have received a number of letters from young soldiers at the front. Some of these boys have marched across the African desert. They are complaining about what they read of happenings at home, about the strikes that have been going on in many industries. In Cincinnati 12,000 men stopped work and went on strike, and the same sort of thing is happening in many Canadian industries. Leading statesmen have also complained that we are losing the war on the home front. Recently I read an editorial in *Life* which says:

> The home front, speaking generally, seems to have no comprehension of the historic role that it is being called upon to play. Hence, instead of pulling together it is breaking apart. Thus in the last several months every major effort to streamline the home front for war has failed. The farm bloc has scrambled a subsidy programme for keeping down the cost of living. In three of the most vital industries—coal, railroads and steel—labour has defied the government and driven wages upward. Efforts to tax the swollen war incomes that the nation is enjoying have wholly failed.

I have been a strong supporter of labour. In the old country, where there are a great many labour unions, they rolled up a total of 2,250,000 votes in favour of carrying the war through to a finish. Strikes over there have been very few indeed. Most of their differences have been settled in an amicable way.

The government of the day are from five to eight years too late in what they are now proposing in their new deal of socialism. Many years ago the President of the United States announced a "new deal". While this was carried on down to Pearl Harbor day it was not altogether a success. It cost that country a great sum of money, but it was weighed in the balance and most of it was found wanting. After Pearl Harbor that "new deal" was placed before the country in various elections. Later the President of the United States dropped the words "new deal" and adopted the phrase "win the war." That is much more important and that is the present policy of that government.

Much has been said in and out of the house about a better world after the war, about the utopia that is to come, the world of the common man. But they do not describe what the comman man is; they do not say what collective security is and all that kind of thing. Those who talk about the days prior to 1939 forget some things. We shall have to struggle very hard; the people will have to labour very hard before we can regain our lost liberty, or before we can go back to it as in the days before 1939, before we can hope to have any proper prosperity in the whole world. History shows that after every war policies like this are proposed. This was the policy of the government in Great Britain after the Napoleonic wars. They advanced such a policy in the hope that it would bring about a better world.

We should not forget the glories of the Victorian era and other eras prior to 1939. I have referred many times to the advances made during those years in industry, trade and commerce, science, medicine and so on. They built up great assets for the future, but we have squandered them in many ways. There can be no new world unless every man and woman in the country seeks to make it so. Every individual must labour to the utmost. Do not forget that Christian ethics teach us that necessity is the mother of invention, that this life is only preparatory for the one in the next world. That is what the Christian churches teach, and if we are to have a better world everybody will have to do his duty all along the line.

The proposals of Lord Halifax contained per se no new doctrines or proposals. I have for many years urged complete unity with the other dominions for defence, migration, security, empire trade and civil aviation on a unit plan. The empire must remain as in the past an economic unit and act as one with the mother country, or go by default and into liquidation. After all who saved the world in this war for the first two and a half years when Britain went in alone except for the spontaneous and voluntary aid of the dominions and the colonies? It was the mother country that saved civilization, and the empire must be a unit carried into peace days or it will break up into several small states, none of which will be able to go it alone. Unless they stand together they will have little to say about the peace terms or in the new world to come.

The alliance with our brave allies, the United States and Russia, must continue into peace for the new world to come. I favoured closer empire ties and imperial preference as well as favoured nation treaties, and said that the mother country would, after this war, also continue to be our best customer as always.

Canada needs a huge building, housing and reconstruction programme immediately to prepare for peace, and an empire civil aviation policy. The latter would be a source of employment for thousands of our airmen after the war and, if properly developed, would, next to agriculture, be one of the most gainful of employments for thousands of returned soldiers and civilians.

I urge a forward migration policy within the empire. We should think first of the mother country. Tens of thousands could be brought out after the war on an assisted plan. Unless we do something soon, Canada will get little or no factory orders from the huge rebuilding and reconstruction policy of Mr. Churchill, one item of which is 500,000 prefabricated houses. It would mean work here for our industries—private enterprise adapted to the new world to be, and private initiative will, as in the past, do more for employment than the state, which has no money for all the castles in the air of the planners and socialists except what it gets from the taxpayer.

The Prime Minister of Great Britain was quite right when he said that he was not going to preside over the liquidation of the British empire, that he was not going to see the British empire go by default, or to throw away all that we have won just to satisfy a section of the United States press which was predicting the fall of the British empire in the dark days of 1941.

I am very much disappointed in the budget because it contains no reference to retaining our trade preferences within the British empire. As I read clause 7 of the lease-lend treaty which has been signed by Great Britain and the United States, it provides that the trade preferences shall not be interfered with. Clause 4 of the Atlantic charter also provides that these trade preferences between the mother country and the British empire shall not be interfered with without the consent of the dominions. That is a good proviso. There should have been an announcement in the budget as to where we stand on the Ottawa agreements and on the trade preferences within the empire. We have a family of our own in the British empire. The British empire has been our steady, loyal customer. We do fifty-five per cent of all our business with it. It provides a steady market, and I am opposed to throwing away that market for international cooperation. I believe that we should retain our economic freedom and that we should control our own home market and use it as we think fit for the welfare of our own population and the welfare of the commonwealth, of India and of the colonial empire. Britain will do the same thing, and so should the dominions. It is argued by some that if we reserve that freedom for ourselves we shall somehow be acting in restriction of world trade, that we shall be opposing a liberal movement which would otherwise progress. I cannot understand that argument. Sir Edward Grigg has said: "Russia controls a home market of 180,000,000 people. There is no question of her not having the most complete control over the whole of that vast market, and no one has suggested that by keeping control of that vast market, far larger than ours, she is acting in restriction of world trade. Similarly, the United States, which has a population of

130,000,000 with every kind and variety of employment, has absolute control over her domestic market, a control which no other people in the world have thought of exercising. The Hawley-Smoot tariff has been described by an able writer in England as the eighth wonder of the world, and it was enacted at the height of the depression. Who is to say to us that we are acting in restriction of world trade, with our small population, when 130,000,000 are protected behind a wall of that sort? The argument will not hold water. The reciprocal agreements are very much limited—at the present moment to fifty per cent of the existing tariff—and cautiously adopted even at that. They are also governed by an interpretation of the most favoured nation clause which largely deprives it of effect because of the meticulous subdivision of the United States tariff. If all these things are really to be modified, let us by all means meet them halfway. But do not let us sacrifice our liberty which is vitally important to us, to the commonwealth, to India and to the colonial empire." Let us decide these matters within the empire first. Britain cannot exist without the dominions. With all the imports of food which she has to make, she cannot exist without the dominions. This is the first thing to be considered, and I regret to see that it is not mentioned or our policy on it announced in the budget.

One of the great questions before the country is empire unity and we should do our utmost in that connection. There may not be unanimity of view on the war but there is identity of purpose. The budget ignores the whole question of preferences within the empire; yet these economic matters are life and death to us all within the empire.

I approve what the great Prime Minister of Britain said when he was speaking in the House of Commons at Westminster on April 21, and describing the conference of Prime Ministers which was held recently in London. He referred to the glorious part which this country had played in various wars. Down to the start of this century the mother country paid the whole cost in war of any assistance which the dominions sent. In the South African war, for instance, Canada sent several thousand troops, and so did New Zealand and Australia, and the mother country paid for them all. In the great war of 1914-18 one million men went from the overseas dominions to the aid of the empire and 130,000 of them fell in that war. They went under their own autonomy, under their own sovereign rights, and what they did changed the whole history of the civilized world. Let us look further at what the dominions did in the two great wars.

Mr. Churchill in his address to the British House of Commons on April 21 said:

> Looking at the British empire, say, 30 years ago, in 1914, on the eve of the first great war, all foreign opinion, especially German opinion, was convinced that this vast structure of empire, created and coming into full life in Victorian times, had reached a condition of ricketiness and looseness when a single violent shock would bring it clattering down and lay it low for ever. Then came upon the world a most frightful war, incomparably greater than any, thank God, we have suffered in this struggle. I remember coming out of the cabinet meeting on an August afternoon in 1914, when war was certain, and the fleet was already mobilized with this feeling: "How are we to explain it all to Canada, Australia, South Africa and New Zealand; nay, how are we to explain it all to our own people in the short time left?" But, when we left the fierce controversy of the cabinet room, and came out into the open air, the whole of the peoples of the British empire, of every race and every clime, had already sprung to arms. Our old enemies, recent enemies, Generals Botha and Smuts, were already saddling their horses to rally their commandos to the attack on Germany, and Irishmen, whose names I always bear in my memory with regard, John Redmond and his brother, and others of the old Irish parliamentary party, which fought us for so many years in this house in pleading the cause of Ireland with great eloquence and parliamentary renown.

He went on to say:

> The mother country—I must still ask leave to use this name; anyhow, I think it is rather dangerous to plunge into new nomenclature, and I am not sure that anything like "The Elder Sister Country" would be a very great success. There was that old song, which I remember in my youth "A Boy's Best Friend is his Mother", and which seems to me to be sometimes worth humming again.

He went on to refer to the help that came in this war from the dominions:

> When the signal came, from the poorest colony to the most powerful dominion, the great maxim held "When the King declares war, the empire is at war."

He said it was a miracle.

> What is this miracle? I think the word was used by some hon. gentlemen yesterday. What is this miracle, for it is nothing less, that called men from the uttermost ends of the earth, some riding twenty days before they could reach their recruiting centres, some armies having to be sent 14,000 miles across the seas before they reached the battlefield? What is this force, this miracle which makes governments, as proud and sovereign as any that have ever existed, immediately cast aside all their fears, and immediately set themselves to aid a good cause and beat the common foe? You must look very deep into the heart of man, and then you will not find the answer unless you look with the eye of the spirit. Then it is that you learn that human beings are not dominated by material things but by ideas for which they are willing to give their lives or their life's work. Among the various forces that hold the British empire together is, and I certainly do

not object to the expression which my hon. friend the member for Seaham used, "enlightened self-interest," that has a valued and important part to play, but I am sure he would make no mistake in placing that in front of those deeper and more mysterious influences which cause human beings to do most incalculable, improvident, and, from the narrow point of view, profitless things. It is our union in freedom and for the sake of our way of living which is the great fact, reinforced by tradition and sentiment, and it does not depend upon anything that could ever be written down in any account kept in some large volume.

In conclusion he said:

One last word before I sit down. Some assume that there must be an inherent antagonism between a world order to keep peace and vast national or federal organization which will evidently be in existence. I do not believe this is true. Both the world order and this great organization may be so fashioned as to be two parts of one tremendous whole. I have never conceived that a fraternal association with the United States would militate in any way against the unity of the British commonwealth and empire, or breed ill-feeling with our great Russian ally, to whom we are bound by the 20 years treaty. I do not think we need choose this or that. With wisdom, and patience, and vigour, and courage, we may get the best of both. We have often said of our own British empire: "In my Father's house there are many mansions."

So in this far greater world structure, which we shall surely raise out of the ruins of desolating war, there will be room for all generous, free associations of a special character, so long as they are not disloyal to the world cause nor seek to bar the forward march of mankind.

I believe that he stated the case for Canada also herein, and that the people of Canada will pay tribute where it is due, and tribute is undoubtedly due to the mother country and to the glorious work of the dominions in the waging of this war.

On motion of Mr. Hanson (York-Sunbury), the debate was adjourned.

SUPPLY

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

FISHERIES

72. Development of the deep sea fisheries and the demand for fish, $30,000.

Hon. ERNEST BERTRAND (Minister of Fisheries): I have not the details of my estimates here, Mr. Chairman, because I understood that my estimates would not be proceeded with until eight o'clock.

Mr. HANSON (York-Sunbury): Why can we not rest quietly for a few minutes?

Mr. BERTRAND (Laurier): Reading the *Hansard* report of the discussion when these estimates were last before the house, I find that there was a question with regard to the reduction of $10,000 and I explained that this had been transferred to another department. Item 70 is accordingly increased by $63,000. Inspection comes under "fisheries inspection including fishery officers and guardians, fisheries patrol and protection services."

Mr. HANSON (York-Sunbury): Under the item that is now before us I propose to ask the minister, on resuming at eight o'clock, some questions regarding the development of deep sea fisheries and the position of the department with respect to aid to fishermen engaged in these fisheries, so far as the question of bait is concerned. I do not wish to develop the point at the moment because my papers are upstairs and I cannot speak without them. However, I notify the minister that at eight o'clock I intend to ask some questions in this connection. Would the minister be good enough to let me know at eight o'clock whether in Quebec the province supplies bait free to deep sea fishermen, having regard to the bay of Chaleur?

Mr. BERTRAND (Laurier): I do not know whether bait is free to the fishermen there.

Mr. HANSON (York-Sunbury): I am asking the minister to get the information and let me know.

THE ROYAL ASSENT

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

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

Accordingly, the house went up to the Senate.

And having returned,

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An act to amend the Bank Act.
An act to amend the Quebec Savings Banks Act.
An act to establish a Department of Veterans Affairs.
An act respecting Surplus Crown Assets.
An act to establish a Department of Reconstruction.

Mr. SPEAKER: If the house is agreeable perhaps we might meet this evening at 8:15 instead of at 8 o'clock.

SUPPLY

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

At six o'clock the committee took recess.

After Recess

The committee resumed at 8.15 p.m.

DEPARTMENT OF FISHERIES

72. Development of the deep sea fisheries and the demand for fish, $30,000.

Mr. HANSON (York-Sunbury): Mr. Chairman, as I notified the minister before the dinner recess, I desire to review briefly the situation which has arisen in the bay of Chaleur district, province of New Brunswick, with respect to conditions surrounding the operations of deep sea fishermen at that point. Like those in the Gaspe district, the fishermen on the Caraquet coast are engaged, for the most part, in the catching of prime codfish. In order to do so it is necessary that they should have at all times an adequate supply of bait.

The bait most commonly used is the common herring. The fishermen themselves—or some of them—catch these fish, presumably in nets. Since they have no way of taking care of the bait, except to a very limited degree, and since the best bait comes from the freezers, it is customary for these fishermen to sell the fresh herring to the freezers and then, as they require fresh bait, they repurchase the herring.

Some years ago a number of freezing plants were established in the Caraquet district, especially at Shippigan and at Caraquet village. But during the depression, and even before that time, these freezers fell more or less into decay, and were not commercially operated. During the depression the plight of the fishermen on the Caraquet coast, in common with that of their brothers across the bay, was rather desperate. The prices paid for prime cod were so low, owing to the failure of the export trade, that the fishermen could not make a living. The consequence was that gear, fishing vessels and the like went into decay. During the depression these men had an exceedingly difficult time.

Between 1935 and 1940, the provincial government of New Brunswick, having decided to ameliorate the condition of these fishemen, induced a very large and wealthy corporation from Gloucester, Massachusetts, to establish a subsidiary corporation in New Brunswick. This corporation, known as Gorton Pew, N.B., Limited, with substantial assistance from the provincial government, and with a grant of a good many thousands of dollars from this federal treasury handed out to them, I think—

Mr. BERTRAND (Laurier): The grant was given by the federal government to the provinces.

Mr. HANSON (York-Sunbury): My recollection is that it went direct to the company, although it may have passed through the provincial government. The minister's officials will be fully advised as to the details, and the point does not affect the situation to which I shall refer.

[Mr. Speaker.]

The result was that there was established at Caraquet, in the county of Gloucester, New Brunswick, a large freezing and processing plant which has been in operation more or less continuously ever since. Whether it has fulfilled all the functions for which it was intended, I am not in a position to say; and I do not purpose criticizing that feature of the case. I am going to draw the minister's attention to the fact that the prices paid by this company for fish, having regard to the present high prices received for the processed product, are wholly inadequate.

Before turning to that point, however, may I direct the minister's attention to another circumstance, the one I had in mind chiefly when I rose to speak. I point out to him that the prices paid by this company, which operates under a very large capital subsidy, to the fisherman for the fresh bait, as he brings it in, is exceedingly low. Only two cents a pound is paid for the herring. That herring is brought to the pier by the fisherman. It is then weighed in by company officials, put in the bins, salted, partly frozen, and there awaits distribution to the fisherman for his purposes in connection with the catching of cod fish. The prices charged by the company, on the other hand, to the fishermen for the same bait is not two cents a pound, but five cents a pound, or 150 per cent higher. I submit to the minister that that is an unwarranted increase in price, having regard to the fact that the only expense the company could have is that connected with the weighing in of the fish, and with salting and semi-freezing in order to preserve it against the time when the fishermen may want bait—which may be in the following week.

I hold in my hands two invoices which I shall be glad to show the minister, although I desire that the name of the fisherman should not be made public. One invoice is for a sale by a fisherman to Gorton Pew, N.B., Limited, of 150 pounds of bait herring at two cents a pound, for a total of $3. The second invoice is for a purchase of 5,400 pounds of herring bait for $27, which works out at exactly five cents a pound.

Mr. KINLEY: What is the date of each invoice?

Mr. HANSON (York-Sunbury): One is May and the other is June; they are within recent days.

This is a situation which ought not to obtain. I do not know whether the minister has any

remedy for this sort of thing, but the solution which occurs to me is one which I believe the federal government could very well afford to carry out. Before offering that, however, I would ask the minister if he has been able to ascertain whether the fishermen on the Gaspe coast, especially that part of the Gaspe coast fronting on the bay of Chaleur, are provided with free bait by either the federal or the provincial government.

Mr. BERTRAND (Laurier): They are not provided, by either the provincial or the dominion government, with free bait. The provincial government has built along the Gaspe coast thirty-four refrigeration plants, in which the bait is stored. Space is rented by the government; it is not free.

Mr. HANSON (York-Sunbury): It is not exactly free. Is the minister able to tell me the cost to the individual fisherman for having this bait located in the freezer, and for storing it and handing it out to him?

Mr. BERTRAND (Laurier): I do not know. I know, however, that the rent is rather low.

Mr. HANSON (York-Sunbury): Very low, yes.

Mr. BERTRAND (Laurier): Yes. And I know that the provincial government has been losing money for a few years on these plants.

Mr. HANSON (York-Sunbury): In any event the provincial government in its desire to help the fishermen—and I commend the government in this respect—makes a small service charge for such facilities. No such facilities exist in New Brunswick. I am sure the department is sincerely desirous, as we all are, of making the fishing industry as profitable as it can be made—and is, I believe, to a degree, to-day—and with that in mind could extend some assistance in connection with this matter of supplying bait, either by the method adopted by the Quebec government or, if that is not possible, having regard to the capital expenditures required in establishing freezers, by intervening long enough to investigate the operations of the company.

I am not going to criticize the minister's department, but I desire to draw attention to a situation which was represented to me as being unduly hard on the fishermen in that locality, especially when vis-a-vis they see their brothers on the coasts of Bonaventure and Gaspe counties able to store their bait for what is more or less a nominal fee.

In my opinion 150 per cent profit on a transaction of this kind is far too large. I should like to be corrected if my information is wrong; but if this company does receive the bait at its own pier from the fishermen, weighs it in, carries it up by conveyors to the bins, puts in whatever salt is necessary, freezes and stores the bait and then hands it out, a profit of 150 per cent is, to say the least, exorbitant.

That is the situation which has developed. It is causing great uneasiness and annoyance to the fishermen, and they resent it. I am suggesting to the minister that he should have his inspectors visit these plants immediately and, if they have authority, examine the books and check on the information I have. I have even heard of a profit of 400 per cent being charged for this service. That is to say, as much as $8 per 100 pounds has been charged for bait instead of $5, as shown by the invoice I have in front of me.

I suggest that under this item the department should go farther and develop facilities in these fishing districts, not only to stop such things as I have indicated and which I believe are abuses, but also to establish refrigerator plants where they do not now exist. These small plants are not expensive. There is very little service the fishermen get from the federal government. There is very little we can do for them outside of trying to provide markets and what-not. It would be a great service for the men on the Caraquet coast and along the whole eastern shore of New Brunswick. Small freezing plants for bait should be established in cooperation with the provincial government or by the federal government acting on its own.

Bait constitutes an important item in the fisherman's inventory, as well as an important item in his cost of production. Something ought to be done about it. I am going to ask the minister if he will be good enough to have the whole position reviewed, and perhaps not this season—priorities are difficult—

Mr. BERTRAND (Laurier): We are just looking into the matter.

Mr. HANSON (York-Sunbury): I am very glad to hear that, and I am glad to be in the forefront advocating it. If the minister should do anything and I happen to be here in another season I shall be glad to commend him for his efforts. Certainly there is a need, and I think the minister's investigation will show that there is a need. The present need is to investigate the prices charged the fishermen by this one institution which has a monopoly on the whole Caraquet coast because there is not another freezer in that district. Just as a guess I would say that that coast extends for sixty miles, and if you go beyond the extreme eastern tip of Gloucester county in New Brunswick to the gulf coast proper, it will be probably one hundred miles. There is only the one plant where bait can be found.

Another point to which I desire to call the minister's attention is the price paid by this company for prime green codfish. Because of commitments made by the government dried codfish are in great demand. I was astounded the other day to find out the prices being charged in my town for dried boneless cod. That is a luscious item if you have never tasted it. The cost at a retail store was thirty-seven cents a pound.

Mr. REID: Is there no price ceiling?

Mr. HANSON (York-Sunbury): I do not know of any price ceiling. I was simply astounded when the dealer told me that the price was thirty-seven cents a pound. The fisherman gets three and a half cents a pound for the green codfish. I should not like hon. members to think there is no justification for a considerable spread between the cost of the green fish delivered at the pier and the price charged by the retailer for the dried product. There is a tremendous loss in processing, and there is the cost of handling, curing and distribution. The processor has his profit; the wholesaler who distributes, if it is not done by the processor, also has a profit; the retailer has a profit as well. There are thus three profits on the one piece of fish. I cannot conceive why there should be a spread of about 1,200 per cent; from three and a half cents a pound to thirty-seven cents a pound is a tremendous spread.

Let us say that the loss in processing is one-third. I am just guessing at that, although I have heard the figures. This would bring the cost of the fish up substantially. The other items to which I have referred would each take at least as much as the original price paid to the fisherman. The cost of transportation is an item. Even with the prices paid for dried codfish by the quintal of 112 pounds, either with the bone in or boneless, I cannot conceive that a price of three and a half cents a pound for the green product is adequate.

This is the situation that calls for remedy. I do not suggest a ceiling price, but I do suggest a floor price for the fisherman. He is the man I am talking about at the moment; he is the man who is entitled to a fair return for what, after all, is fairly arduous work. He has to go out in all kinds of weather. While the fishermen do not fish in the winter-time because that area is frozen, fall fishing is a serious and hazardous occupation. The best run of fish is in the fall. The fattest run of cod is always in the fall, and the same for the haddock. The spring haddock are thin and not nearly as edible. During the later part of September when there are many gales and windstorms and into October when the weather is getting colder, this occupation is carried on under the most arduous circumstances.

I should like to have from the minister an undertaking that he will look into what these companies are paying to these fishermen who cannot fend for themselves. I hope they are organized in a cooperative, but I am afraid they are not. That is the only cure that I see for the troubles of which I would call the shore-line fishermen. They have no beam trawlers but fish in the old-fashioned fishing vessels. Each man will take a share and a group will get together and go in one small schooner. They sell their catch collectively and divide the proceeds among them after paying the expenses. A fishing trip cannot be very lucrative to them, selling their fish at 3½ cents a pound. Remember these men cannot fish in the winter. Most of them go to the lumber woods and that sort of thing in the winter. But fishing is their principal occupation, and their season is relatively short. I am going to ask the minister if he will institute an investigation into the prices paid by the Gorton Pew company of New Brunswick for green codfish to the fishermen on the Caraquet coast and see if he cannot alleviate a situation which I think is just too bad at this time when prices for primary products have at least reached a decent basis. They have not reached parity by any means in many cases, but here I suggest that there is no effort to get parity for the fisherman, having regard to what he has to pay for his fishing tackle, his lines and what-not, and what he has to pay for his bait. I think the situation with respect to bait is odious. The fisherman has to pay five cents a pound for cured bait. That seems to be entirely out of line with what he ought to have to pay.

Mr. NEILL: How much?

Mr. HANSON (York-Sunbury): Five cents a pound. I have the invoices.

Mr. NEILL: Dried herring?

Mr. HANSON (York-Sunbury): Semi-frozen herring. They do not stay in the freezer very long because there is such an active demand. That situation should not be allowed to continue. I am going to ask the minister if he will be good enough, with the authority conferred upon him by this item, to investigate these two problems and see if he cannot find a rectification and a cure. I have outlined them in sufficient detail I think for him to know what I mean. I have not the slightest doubt in the world that he will approach the problems sympathetically. There is a disease there that ought to be cured, and a little wholesome

government intervention will, I have no doubt, bring about a cure. These fishermen should not be getting less than six cents a pound for prime green codfish at to-day's prices, which is nearly double what the fishermen are getting to-day. The minister may say that that price is out of line. I confess I do not know because I have not had time to get any figures. But his department must have them.

Fish are in great demand to-day. Fresh fish in the United States, where there is no ceiling at all, has gone sky-high, and there is great competition to obtain these fish, in one case for the fresh fish market and in the other for the cured fish market. There is not enough supply to go around to satisfy the demand. This ought to be the time when the fisherman can get in his harvest. He has the opportunity only about once in every five years. I suggest to the minister; I solicit the minister, to make inquiry and to do something about this matter. I think I have laid sufficient basis upon which he can see that there is something radically wrong with respect to the operation of this company. In the United States it is one of the biggest companies there. If they were establishing themselves at this time in New Brunswick they would not want any government intervention. They came in there, of course, at a difficult time, and I never criticized very much the fact that they were given a subsidy although I remember criticizing in this house three or four years ago the magnitude of the subsidy given and the use that was made of it. But that is past history and I am not going to rehash any part of it. May I ask the minister to approach this matter as sympathetically as possible and to do something. That is what I want. Let us see if something cannot be done for these men.

Mr. BERTRAND (Laurier): Mr. Chairman, some time in 1939 a subsidy of half a million dollars was granted to the three maritime provinces, and the New Brunswick government granted a subsidy of $75,000 to Gorton Pew. The province was free to do anything reasonable out of the amount of subsidy granted. This government had nothing to do with the grant of this $75,000 to Gorton Pew.

Mr. HANSON (York-Sunbury): The country's money went to them.

Mr. BERTRAND (Laurier): Yes, but I understand that the maritimes also put up some money to make up a certain total by which they tried to alleviate the difficulties of the fishermen. On the Gaspe coast the provincial government has built thirty-four refrigeration plants, which at that time was thought to be a very big plan involving a large vote of money. The plants were built during the depression years and the fishermen have benefited from these plants to a large extent, especially during the last few years.

The fishermen are paying, as the hon. member indicates, a nominal amount to have their bait and their fish stored in these refrigeration plants. We have nothing similar in the maritime provinces, except that an order in council authorizes us to advance to a group of fishermen seventy-five per cent of the cost of bait freezer provided that the plant design is approved by the department. The cost of these bait freezers runs between three and four thousand dollars apiece. We have had one request this year from the Lameque Fishermen's Association and we are granting them $4,000.

Mr. HANSON (York-Sunbury): That is on the island.

Mr. BERTRAND (Laurier): Yes. A few years ago, in 1938, the sum of $36,000 was granted to the Jamieson company at Canso and a refrigeration plant was built there. By virtue of the contract between the Jamieson company and the government a certain amount of space has to be made available in the plant for the fishermen.

Mr. HANSON (York-Sunbury): Has the Lameque plant been built?

Mr. BERTRAND (Laurier): No; we granted the subsidy only three or four weeks ago.

Mr. HANSON (York-Sunbury): The plant will not be in operation this year.

Mr. BERTRAND (Laurier): No. Apart from that we have no other plants. We want to benefit from the experience of the Quebec provincial government. At present our engineers in conjunction with the officials of the Nova Scotia fisheries department are looking around and preparing plans for refrigeration plants. We do not intend to make it merely a refrigeration plant as in Gaspe. We would like to have what is called a one-unit fishing plant, including refrigeration, a drying plant, and a smoking plant.

Mr. HANSON (York-Sunbury): A processing plant.

Mr. BERTRAND (Laurier): Yes, processing in more than one form. It is our policy to do that if it is possible and even to ask for a certain amount in the supplementary estimates, because the engineers' plans might be ready within a very short time and we should like to do it as quickly as possible. We shall build three or four or five of these plants in

the maritimes at different places not yet chosen. The price paid to the fishermen for dried cod is on an average of 6·6 cents a pound.

Mr. HANSON (York-Sunbury): That is green cod.

Mr. BERTRAND (Laurier): Yes. The ceiling price at 3·5 cents, raw, translated into terms of dried fish for export purposes, means 13·28 cents that we are paying. There is no ceiling price for the domestic product.

Mr. HANSON (York-Sunbury): That is the price to the government for export under its commitments—13·28 cents?

Mr. BERTRAND (Laurier): Yes. I cannot say that the price of 37 cents a pound seems to be very high. However, it is not in my department.

Mr. HANSON (York-Sunbury): I can give the minister first-class evidence on that point. But what about this question of bait? The minister has not given me any undertaking at all that he will comply with my request to look into the matter of bait.

Mr. BERTRAND (Laurier): The plants which we wish to build will be for the refrigeration of processed fish and also for bait purposes.

Mr. HANSON (York-Sunbury): I agree with that; but what about the present? I am asking the minister to look into the matter and see to it that the condition which exists to-day shall not continue. While I am on my feet, may I ask him whether the price of 6·6 cents is for the whole fish or the cleaned fish, because there is a marked difference between the two.

Mr. BERTRAND (Laurier). That is for salted fish not boned, 6·6 cents.

Mr. HANSON (York-Sunbury): Are the entrails out? They are an important part of the weight of the fish. If they are cleaned fish—

Mr. BERTRAND (York-Sunbury): Yes, they are cleaned fish.

Mr. HANSON (York-Sunbury): —then that is not a very high price, because the head and entrails would be at least one-third of the weight, and that is a very low price to-day.

Mr. BERTRAND (Laurier): It is very high in comparison with what was paid in previous years.

Mr. HANSON (York-Sunbury): But the price in previous years was a distress price.

Mr. BERTRAND (Laurier): I may say to my hon. friend that I have been twice in the maritimes and the fisheries association were very happy. As regards the price charged by the Gorton Pew company, that is not in my province, but I shall inquire to find out what's what.

Mr. HANSON (York-Sunbury): The minister says that it is not in his jurisdiction; that is what he is telling us. I will tell him this, if he will allow me, and I am not doing it in any fault-finding spirit, because I want action and I know that if I am to get action I must not scold the minister. This, however, is a part of the duties of the department in developing the deep sea fisheries. Bait is a very important item in the development of deep sea fishing, and it ought to be the object of the department to get this bait for the fishermen who operate these fisheries and to get it as cheaply as possible. The price that is paid for the bait to the original producers and the price charged by the same company to the same producer to produce cod fish represent too great a spread—150 per cent—and I have been told, although I have no evidence of this, that there has been an advance of even 400 per cent; that is to say, eight cents has been charged for what cost the company two cents, less, of course, the service rendered. The minister, in the course of carrying out the will of parliament in voting this sum of $30,000, which I see has been reduced by $10,000, although I am not quite sure why—

Mr. BERTRAND (Laurier): I explained that the other day.

Mr. HANSON (York-Sunbury): Well, I am not questioning that at the moment. However, the minister could very well conduct an investigation through one of his fisheries officers to find out what the company actually pay, what the charges are when they sell and what the cost of the service rendered would amount to, and arrive at a net figure of what this company's profit is, on what, after all, is a relatively small part of their operations. The minister has the authority to do this. If he has not, at any rate he can soon pass a regulation under the Fisheries Act which would enable him to conduct such an investigation. I ask him to have that done in order to have what I regard as an improper situation righted. I have no more to say in that regard, but I have thought of communicating with the war-time prices and trade board with reference to this matter and the other one. I have made myself such a nuisance to them, however, that I hesitate to call on them again. As a matter of fact, I must confess that I have never been able to accomplish very much with the war-time prices and trade board. They know more about everything than I ever knew about

anything. That has been my experience with these gentlemen on Sussex and Rideau streets. They treat you with disdain sometimes.

Mr. REID: You are not alone in that.

Mr. HANSON (York-Sunbury): My hon. friend the member for Cumberland (Mr. Black) had an experience whch I am not willing to go through myself. He was told in effect, as he indicated to the house on one occasion, that they were sick and tired of hearing from him. Well, they will hear more about it before this election is over.

An hon. MEMBER: The fish controller is from New Brunswick.

Mr. HANSON (York-Sunbury): I have never questioned the ultimate objective of the wartime prices and trade board, but on many occasions I have questioned the methods adopted. Perhaps this is out of order, but I wish to make one observation. I am going to ask this question of the membership of the house: Before the wartime prices and trade board put into effect a ceiling, or made a regulation or an order affecting production in your constituencies, has any member of this house been consulted?

Mr. CRUICKSHANK: No.

Mr. HANSON (York-Sunbury): Did I hear someone say, "Nor should they be"?

Mr. McLEAN (Simcoe East): Yes, sir.

Mr. HANSON (York-Sunbury): Well, I disagree with that most profoundly.

Mr. GOLDING: They would have a tough time if they consulted all the members before they acted.

Mr. HANSON (York-Sunbury): They might or might not. However, I do not intend to pursue this question at the moment. Perhaps there will be another opportunity to do so, but they will get an honest opinion from the membership and probably some first-hand evidence which they have not to-day. I am not going to follow that line further, but something will have to be done in connection with the prices paid and received for bait. Something will have o be done to ameliorate the situation with respect to prices paid primary producers for green cod fish. Three and one-half cents a pound for uncleaned fish and 6·6 cents a pound for gutted and headed fish and salted fish are prices that are not sufficient, having regard to what the prices are to the trade. I am sure the fishermen are being done to a certain extent by the processors, who are making a profit.

Mr. MACDONALD (Halifax): The item under discussion is a vote of $30,000 for the development of deep sea fisheries and the demand for fish, and under this item there is a matter which, I believe, may properly be raised. I think we all agree that it is most essential in post-war rehabilitation for the fishing industry to be put in a position to continue to modernize their equipment and produce the best possible fish at the least possible price, especially since a large percentage of the fish must be exported. In the recent budget proposals farmers were given concessions in the way of farm implements being allowed to come into Canada duty free. I think similar concessions should be given to the fishermen. I would urge the minister to make the strongest representations that he can to his colleague, the Minister of Finance, with a view to making sure that equal treatment is given the fishing industry and that items for use in the catching and processing of fish and fish products be allowed free entry into Canada, whether those items be for new construction, repair or maintenance.

A moment ago the hon. member for York-Sunbury mentioned that a floor should be put under the price of fish. I am in complete agreement with him on that point. I think—and this is a matter that has been brought by other hon. members of the maritime provinces and myself to the attention of the minister—every argument that can be urged for a floor under the price of farm products can be urged with greater force in the case of fish. A comprehensive and well prepared brief was submitted to the Minister of Finance some months ago by the united maritime fishermen. A copy of the brief, outlining the reconstruction programme for the inshore fisheries of the maritime provinces, was sent to me; it was also sent to other hon. members of the maritime provinces. I am not going to go into all the matters that are dealt with in this brief, but there is one paragraph that I should like to read. It sets out with precision and without undue prolixity the position of the united maritime fishermen on this particular point. It reads as follows:

> It is the view of our members that if the fishery is to be reconstructed upon a basis which will provide freedom from want for the fishermen some means must be devised to maintain fish prices on a parity with other commodities. If the price structure in other branches of food production is to be supported by a floor it is equally necessary to make a similar provision for the fishery. It is well known that in the past the discrepancy between the prices received by the primary producer and general commodity levels have been greater in the fishery than in any other branch of production. For several years following 1930

the price of cod in most sections of the maritimes was under one cent per pound. Even as late as 1939 the Halifax price for market cod ranged from one and a half cents to one and three-quarter cents per pound. Due to the introduction of price controls this situation has become more evenly balanced under war-time conditions; but if measures are not taken to stabilize prices at an equitable point in the post-war period there is nothing to prevent the utter collapse of the price structure and the return of the hopeless conditions which prevailed in the pre-war years.

I submit, Mr. Chairman, in the hurried times we are facing there is not much opportunity for hon. members to devote too much time to the local problems of the maritime provinces. But here is one, the question of the price of fish, that should, I think, appeal to every hon. member of this committee and of the government. We are speaking not so much of to-day as of the days that lie ahead when war markets will be no longer available. We shall find ourselves back in the same position in which we were before the war unless measures are taken now to deal with conditions that will then arise. I submit these matters for the minister's consideration with the view of his urging on his colleague, the Minister of Finance, the consideration necessary to bring the fishing industry into somewhat the same position that the farming industry now finds itself in.

Mr. McGARRY: Following the remarks of the hon. junior member for Halifax, I wish to take a few minutes of the committee's time to refer to the matter with which he dealt. I am not going to deal specifically with any case in my constituency as did the hon. member for York-Sunbury. But in a general way I may say that I cannot understand why the fishermen, who are important producers, are not granted the same security that has been given to other producers. I cannot understand why a floor is not placed under the fisherman's product. The products of the sea are just as essential for the maintenance of the nation at large and for the economy and nutrition of the people as is the product of any other industry of the country. To me it is strange that the budget provides for free entry into Canada of all farm machinery and equipment and that equal treatment is not given to the fishing industry. I congratulate the farmers and am gratified that these concessions have been given to them. Yet at the same time I strongly protest against the apparent discrimination exercised against the fishermen who are just as essential producers. Furthermore, as is well known, the life of the fisherman is one of adventure. There is no other producer in the country who is subject to the same dangers as are the fishermen. Living in my constituency as I do, I know something of what happens in Nova Scotia. In some years the fishermen were selling their fish at fifty cents a hundred pounds and in some cases dumping them overboard because of the lack of a market. Unless security is afforded to our fishermen in the maritime provinces I fear we shall revert to those same dark and dismal days. If that is allowed while we are professing to render security to the producers of the nation at large, then all the talk about rehabilitation is meaningless. I would urge the minister to use his influence to see that this protection and security is afforded to the best producers in the country and the most substantial supporters of our national economy.

Mr. KINLEY: I have been concerned for some time about this matter of fish prices. Last April I interviewed the economist of the Department of Fisheries, Mr. Stewart Bates, special assistant to the deputy minister, and I believe it would be of interest to the committee if I read the letter he sent me:

> The combined food board, through its fish committee, began the allocation of salted fish in 1943, as it did with many other commodities. The world supply was divided up among the requiring nations and Canada was given definite allocations to certain markets. Prices of salted codfish and scale fish were also agreed upon internationally, and the supplying countries undertook to control their exports to fulfil the market allocations given them by the board and to ensure that the commodity was sold at the agreed prices. The administration of this scheme within Canada is under the control of the Minister of Fisheries, with an administrative office in Halifax and in Quebec, and an advisory committee made up of members of the export trade. In 1943 all exporters of salted fish were registered and quotas were given to each exporter on the basis of his exports made to various markets in 1941 and 1942. Readjustments had to be made in these quotas at a later date in order to accommodate exporters who had more fish on hand than they had quotas for. In 1944, the administration will try to increase further the degree of flexibility in this system. It is the intention that exporters who built up market connections abroad should continue to be given some protection in these markets, but in order to accommodate exporters who might have fish, but no quotas, the administration will retain part of the allocations to various markets to distribute among those exporters whose quotas prove insufficient.
>
> With respect to pickled fish in barrels, the combined food board has no allocation scheme. But in 1943, the department was asked to make allocations of pickled fish in barrels to ensure that sufficient supplies would be sent to the British West Indies and to certain other markets which have to be preserved from a long-run point of view.

Mr. BERTRAND (Laurier): May I direct attention to the fact that this matter was

discussed under the war estimates, and that it does not come under this item.

Mr. KINLEY: This item is for the improvement of deep sea fisheries.

Mr. BERTRAND (Laurier): It is to increase the demand for fish. You can call it for the improvement of deep sea fisheries if you like, but it is the item for increasing the demand for fish in Canada, and the matter my hon. friend is discussing at the moment comes under the war appropriation.

Mr. KINLEY: Does the minister object to my reading a letter from his own department with regard to prices paid the fishermen, under this item which has to do with the improvement of deep sea fisheries?

Mr. BERTRAND (Laurier): I have no objection to the discussion under the proper item, but this is not the proper item.

Mr. KINLEY: Does the minister object to the reading of the letter?

Mr. BERTRAND (Laurier): I object to this discussion at this time.

Mr. KINLEY: Well, Mr. Chairman, what is your ruling? This item has to do with the development of deep sea fisheries and the demand for fish. If I know anything about it, the matter I am discussing has to do with the demand for fish. The letter goes on:

> On these fish there has been no international price, and so far as the department is concerned, exporters may sell at whatever price the market will bear. But there have been allocations in order to ensure adequacies of supplies for the West Indies. This arrangement is likely to continue in 1944. In other words, there will be allocations of pickled fish in barrels, but no export price control. Here again, however, it is the intention of the administration to try to grant more freedom to registered exporters, within the various allocations laid down, so that any exporter who holds fish will be reasonably sure of finding a ready outlet in some market for his commodity. In 1943, some exporters found that our quota system did not give them enough export permits to take account of their fish on hand, but in 1944 this situation should be less liable to occur. In other words, there ought to be increased competition among exporters for the fish in fishermen's hands in 1944, when these exporters are made aware of the increased degree of freedom that will be permitted them. The department hopes to have in the hands of every registered exporter, by the middle of May at the latest, statements indicating the policy for 1944. As I mentioned on the telephone, there has been no government fixing of fishermen's prices in Canada, although the wartime prices and trade board have put ceilings on processors' prices in many varieties. It is our belief that the greater freedom to be granted to exporters of salted fish in 1944 should do much to increase the competition among them for fish and thereby to yield the fishermen a reasonable price.

I want to help the minister, and I think this is an important letter. I was concerned because the smaller fishermen came to me and said, "We want access to the export market. We must sell to the middleman, and we think the spread between what we get from him and what he gets from the export market is too great." There may be some argument on that, but the point is that men were permitted to export on a quota based upon certain years. Some of the shore fishermen, especially those whose work is seasonal, would have years when there would be a run of fish and other years when there would be few fish, and they found themselves without quotas. As a result they were unable to ship their fish abroad and get the higher prices. It will be realized that on the south shore of Nova Scotia, where the Boston market is only an overnight trip, where in days gone by men could take their fish to Yarmouth on a truck, put them on a boat and have them on the Boston market the next day, there is a great deal of concern when that market is cut off. I am glad to learn that the department has in mind greater freedom in connection with the export of fish, and that there will be more competition in the sale of fish on the markets so close to Nova Scotia. In the old days they told me that fifty cents was a good profit for a merchant on a barrel of mackerel, and in those days there was competition to buy the fish. Now they believe $3.50 or $3.75 is too much spread, and it seems to me that both the allocation and the setting of prices have been largely in the hands of a board consisting of exporters. While it may be true that they have to get permission from the government to set their price, certainly they have control of the price that is paid the fishermen. Of course the fishermen are doing very well at the present time, but I think all of us who are in business are doing very well. I am not so much concerned about the situation at the moment, but I am concerned about the future.

At the present time the price of fish is controlled largely by the export market, but in most parts of this country the fishermen cannot take advantage of that export market. Therefore there should be control of the price of fish in order to ensure that the fishermen survive in times of adversity, and that they get out of the fish all that the business will stand. I realize that fish is a perishable product, in connection with which the hazards are great as to returns and so on. But when other industries in this country are to receive protection through a floor under prices, so that they may not have to sell their products at

ruinous rates, I think the same protection should be given the fishermen. I hope the minister will see that in future they will be safeguarded. Mind you, Mr. Chairman, I do not believe that a price floor is a cure-all for either the farmer or the fisherman. He must depend upon the export trade, which practically determines the price of his product. I believe that about sixty per cent of our fish go abroad.

Mr. BERTRAND (Laurier): Seventy per cent.

Mr. KINLEY: Well, to-day we are in a war-time economy. For that reason I believe in putting a floor under the family; and by family allowances, which have been proposed in parliament, we are putting a floor under the fisherman's family to see to it that he and his family will not be stricken with poverty in the midst of plenty. Also, if we can guarantee him a fair price for his fish, perhaps we may put him in the place where he should be in the economy of the country.

Mr. HANSON (York-Sunbury): I am greatly obliged to the hon. member for Queens-Lunenburg, the hon. junior member for Halifax and the hon. member for Inverness-Richmond for their support in the appeal I have made to-night on behalf of the fishermen in the maritime provinces.

I read this brief some weeks ago, and agreed with many of the recommendations contained in it. There were one or two I did not think were proper. I wonder what the attitude of the minister is toward this brief; has he given any reply?

Mr. BERTRAND (Laurier): The maritime fishermen's association were asked to prepare a brief for me. They came here in a delegation, and presented the brief. I studied it with them, carefully.

Mr. HANSON (York-Sunbury): I have no doubt that is correct, and I am accepting the minister's statement one hundred per cent. But what I wish to know is this: What is he going to do with the recommendations contained in the brief? I have no doubt he and the officials of his department studied them from A to Z. But that is no good, unless we get action. I am prepared to wait and see what action the government is going to take in the matter.

I wish, however, to draw the attention of the government to another group of fishermen which has not been mentioned to-night. I refer to those fishermen who go down to the sea in the terrific waters of the bay of Fundy, perhaps the most tempestuous tract of water on the Atlantic coast. I wish to talk for a few moments about the sardine fishermen in the counties of Charlotte and Saint John, and the islands adjacent thereto. For many years prior to prohibition about ninety per cent of the production of sardine fisheries of the Passamaquoddy and bay of Fundy areas went to the factories at Lubec and Eastport in Maine, where they were processed and sold in the markets of the United States. With the advent of prohibition in that country, and the disappearance of the free-lunch counters found in certain institutions, the demand for this fish fell off very suddenly, and the industry was in a bad way in those two Maine towns. The result was that many of the processing and packing companies went bankrupt, and the fisheries languished.

Subsequently, through the enterprise of a citizen of the city of Saint John, and his associates, an industry was established in a sound way in New Brunswick. It had been operating in a small way in a plant in the county of Charlotte. New capital was introduced, new methods adopted and the new enterprise proceeded. A very large export trade was developed, not with the United States but with various parts of the British dominions—and especially under the impetus of the Ottawa agreements.

Then came the war. There has been developed a measure of control over the sardine fisheries. I do not know if the minister can tell me why, but the head of this large packing plant in New Brunswick was made fisheries controller.

Mr. BERTRAND (Laurier): He has no more interest in it.

Mr. HANSON (York-Sunbury): I am not accusing him at all; wait until I am through.

Mr. BERTRAND (Laurier): I just say that he has no interest in the Black Harbour plant any more.

Mr. HANSON (York-Sunbury): That will be news to a lot of people in New Brunswick.

Mr. KINLEY: What is that?

Mr. HANSON (York-Sunbury): That Mr. McLean has no longer any interest in Connor Brothers. That is certainly news to me, and it will be news to a lot of other people. I know his brother is the managing director of the company, and I would assume that his capital is still in. However, I accept the minister's statement. He should know; I do not.

Mr. BERTRAND (Laurier): He might have some shares left; but what I mean is that he is not managing this firm.

Mr. HANSON (York-Sunbury): Oh yes, but he is the man behind the gun; we know that.

Mr. KINLEY: Supposing he is?

Mr. HANSON (York-Sunbury): Not a thing wrong—and I am not condemning him.

Mr. KINLEY: He is a good man?

Mr. HANSON (York-Sunbury): He is a good business man, yes. He and his brother built up the industry, and I am not attacking him, at all. I shall come to my point in a moment, and it is this, that as fisheries controller he was vested with certain powers. I wish to be corrected if I am wrong, but I believe he established a ceiling price in respect of the sardine fisheries. I should like to know, in the first place, if that is correct. I want to know, secondly, if at one time there was a prohibition on the export of these fish to the Maine factories?

Mr. BERTRAND (Laurier): I do not know that, but I would remind my hon. friend, when he asks these questions, that Mr. McLean and Mr. Morrow are both employees of the wartime prices and trade board.

Mr. HANSON (York-Sunbury): I know that; the minister need not remind me. I am talking about the development of fisheries, and the export trade. I consider this germane to the point. I do not wish to be held down too tightly, because with me that just breeds opposition. I am willing to be quiescent and helpful, and I think my remarks so far have been fair.

Mr. BERTRAND (Laurier): I take what the hon. member says as constructive criticism.

Mr. HANSON (York-Sunbury): Was a ceiling put on the price of sardines in the Passamaquoddy and bay of Fundy areas, and is that ceiling price still on? Secondly, was there any period of time during the present fishing season or the past fishing season, when there was a prohibition on the export of these sardine herrings to the United States? My reason for asking the question is this, that if freedom of export were permitted, the fishermen could get double what they are getting to-day. I have no doubt about that. The demand is so great from both the armed forces of the United States and those of the allied nations, that the man who goes down before daylight to fish and who works hard and long hours—and in some days goes often and catches nothing—is entitled in my opinion to sell those fish where he can get the highest price for them. The season is very short; there is no winter fishing. Most of the plants are closed in the winter season, although I believe some of them do carry on. However, the catch is precarious, and it is a seasonal business.

Has there been to the knowledge of the minister and the officials of his department any situation such as I have inquired about? Was there at any time a ceiling on the price the fishermen might receive for their catch, and is that ceiling still on? If so, when was it established? Then, was there at any time a prohibition on the export of these raw fish to the United States; if so, when, and for what period of time? How long did it last? Was it removed or has it been removed, or is it still there? I should like to have the whole story, and I do not know any other item under which I could ask these questions.

Mr. BERTRAND (Laurier): All of these questions are questions which officials of the wartime prices and trade board could answer. I am not able to answer all the questions. I may say that there is no restriction on the export of sardines to the United States now. Restrictions that existed were removed about eight months ago. I should like to give some explanation about our trade with the United States. In 1942 it was found that the West Indies were in great need of salt fish. They used to get this fish from Norway but that country could not, of course, export any.

Mr. HANSON (York-Sunbury): I think the West Indies bought from Nova Scotia.

Mr. BERTRAND (Laurier): They have not bought from Nova Scotia for some time. The united nations combined food board studied the situation, and the United States agreed to cut its imports of salt fish by fifty per cent in order to allow the exporting nations to send fish to the West Indies. Regulations had to be put into force and import permits were granted by the United States, with export permits being granted by the producing nations. This created a great demand for salt fish and for other fish in the United States because the supply was being cut by fifty per cent. Prices went up. We had to regulate the export of fish to the West Indies by establishing a quota based on 1941. This created a lot of difficulty because exporters wanted to sell their fish where they could get the highest prices. At one time the OPA prices in the United States were as much as seven to eight cents a pound more than ours, although ours were high enough.

Mr. HANSON (York-Sunbury): There is no ceiling in the United States.

Mr. BERTRAND (Laurier): There was a ceiling then. That ceiling varied according to the season. Since then, prices of fish in the United States have been reduced to about the same level as ours.

Mr. HANSON (York-Sunbury): They are much higher.

Mr. BERTRAND (Laurier): Not for salt fish.

Mr. HANSON (York-Sunbury): Fresh fish is much higher.

Mr. BERTRAND (Laurier): Salt fish was seven or eight cents a pound more, but the price is down now. The hon. member for Queens-Lunenburg has mentioned a floor under the prices of fish products. We are exporting about seventy per cent of our fish, and if we put a floor under the prices we are sure that that floor may not be accepted by the nations taking our fish.

After having discussed the matter with members of the united fishermen's association, we believe that the fisherman must be put in the position where he can produce about twice as much fish. This fish must be sold at a price that will create a market. The fish must be in good condition and there must be a continuity of supply. Those are the three essential things and we are working along these lines in order to help the fishermen. Subsidies are being granted to fishermen for the construction of draggers and long liners which will allow them to catch more fish per man hour than they do to-day. As I explained to the hon. gentleman a few minutes ago, we are going to design unit fishing plants, encourage oyster and clam farming, and conduct further scientific investigations. Experimental work is being carried on along these lines. We do not think we can serve the fishermen by any other method.

Of course we shall have to find markets, and markets will depend upon price and quality. The western fisheries are another matter, and I intend to explain what we are going to do there when we discuss the appropriation of $1,000,000 to cover the development of fisheries on the Fraser and Skeena rivers.

Mr. HANSON (York-Sunbury): The minister is not able to tell me what the sardine situation is on the bay of Fundy?

Mr. BERTRAND (Laurier): No, I cannot.

Mr. BLACK (Cumberland): I should like to support the hon. member for York-Sunbury, the hon. junior member for Halifax and other hon. members from Nova Scotia who have spoken on behalf of the fishing industry in that province. Those of us who have knowledge of the fishing industry must admit that it has returned to its workers the poorest reward of any industry in Canada. Fishermen have had to operate under the most difficult conditions and have received the smallest returns. They have had to live under the lowest standard of living of any class in Canada. I have been at a wharf when they were bringing in a catch and the price paid was only fifty cents per 100 pounds for whole fish. That was during the worst period for the industry. I am glad that the returns are higher to-day, although they are not as high as they should be, compared with those of other industries.

I wish to support what the hon. junior member for Halifax said when appealing to the Minister of Fisheries that due consideration be given to this industry. I wonder why the hon. junior member for Halifax does not appeal directly to the minister from Nova Scotia. He might get direct action by appealing through the minister of whom he is the assistant, the Minister of National Defence. In that way this industry might receive the justice and consideration to which it is entitled.

I am particularly interested in the brief that has been referred to, and I am disappointed that the minister has not given a direct answer to the requests made by the United Maritime Fishermen's Association. They have been holding conventions in Amherst in my constituency for some years and I am pleased that the minister was able to attend the last one. They made an appeal to the minister and they have submitted copies of their brief to members from the maritime provinces. The convention was held on November 24 and 25, 1943. I should think in justice to the fishermen of the maritime provinces and to the members of the house the minister, before his estimates pass, should give a statement with respect to the representations made by the United Maritime Fishermens' Association.

Everyone in Nova Scotia is interested in the welfare of the fishermen. I do not represent a constituency directly interested in deep sea fishing, although we are the centre of the lobster industry of the world. As I have said before, the waters between my constituency and that of Prince in Prince Edward Island represented by the Minister of National Defence are the centre of the lobster industry of the world.

In Cumberland the small rivers on the north Cumberland strait have another fishing industry, the smelt industry. There are a number of shallow rivers with winding outlets to the sea. For fifteen or twenty years they were allowed an earlier fishing season than applies to the other places on Northumberland strait. Because these are shoal rivers with outlets winding through sand banks these rivers fill with ice in early winter and the fishermen are not able to make their catch as fishermen can in deeper waters. Therefore, they were granted an earlier season, and it closed earlier. As a

matter of fact, it closed automatically because they were not able to fish. Some years they are at a much greater disadvantage than in others, because the winter season sets in earlier, and ice conditions develop and they are not able to fish.

This change of season was made without consultation and without the consent of anybody engaged in fishing in these waters. They had made their plans to do their fishing as in previous years and had made arrangements for marketing their catch, and then the season was changed. I can understand the desire of the department, other things being equal, to have a uniform season; but in view of the fact that those who had studied the situation for that section had granted an earlier season and that it had been in effect for many years, it seems a great hardship to the smelt fishermen in that area that the earlier season has been denied them in the last few years. They have petitioned the department, and I have communicated with the department with respect to their request asking that the old season be restored. I wish to bring this matter to the attention of the minister again and to ask him to review the situation and see if the department cannot again restore the season for smelt fishing in that section.

Mr. BERTRAND (Laurier): I understand that there has been a controversy for many years as to when the season for smelt should open. If it is opened too soon when the weather is still warm the smelt are not preserved. The date was fixed later than the hon. gentleman would like principally because of that very fact.

Mr. BLACK (Cumberland): The fishermen themselves should be the best judge of that. They surely would not want to catch fish if they could not preserve their product. It is not a large output, and to a man they want the old season restored.

Mr. NEILL: I just wish to ask for a little information, and I will not stray away from the item before us, Mr. Chairman. It is for the development of the deep sea fisheries and the demand for fish. On page 82 of the estimates the details are given. It says that there are two demonstrators and lecturers at $2,400 each. I should like to know what they demonstrate what they lecture about, and to whom they lecture and demonstrate, and where. I do not mean the name of each little hamlet or town or village in which they demonstrate or lecture, but do they do it in country places or in the cities, telling housewives how to prepare fish for lunch? Where do they do the demonstrating and in what provinces? Then, underneath that it says that $8,840 is required for temporary assistance. That is nearly double what the demonstrators and lecturers are getting. Then wages amount to $1,560.

Mr. BERTRAND (Laurier): If my hon. friend will pardon me, there is nothing for temporary assistance this year. The $8,840 was for last year.

Mr. NEILL: I was looking at the wrong book. Apparently there is nothing for temporary assistance this year. But there is $1,560 for wages.

Mr. HANSON (York-Sunbury): And there is an item for sundries.

Mr. NEILL: I am coming to that in a moment. The next item is cost of living bonus and other pay-list items, $400. That is something along the same line. Then there is an item of $5,000 for printing and stationery. You can get a lot of printing done for $5,000. May I ask the minister—I am not attacking this item, I am merely asking for information because I wondered what this was for—what is the nature of the printing done and to whom is it distributed? Then there is an item for sundries, $13,780. That has gone up about $3,000 since last year. That amounts to about thirty-two per cent of the total vote. When you ask your wife to keep bookkeeping accounts her biggest entry is under sundries because she does not know how else to make the books balance. This amount of $13,780 does seem large in proportion to the total vote. The minister will no doubt be able to explain it.

One other thing. As I said, this vote is for the development of the deep sea fisheries and the demand for fish. I would call to the attention of my hon. friends to my left and of the minister that the deep sea fisheries of Canada extend to more than one coast. There is a place called the Pacific ocean, where there are deep sea fisheries which need extending. How much of this is to be spent on the Pacific coast? Is any portion of it? If not, why not? If the minister will answer these simple questions I shall at least be satisfied for to-night.

Mr. BERTRAND (Laurier): The main purpose of the demonstrators and lecturers is to demonstrate and supply information and literature on fisheries, also to provide departmental advertising in magazines and fisheries journals. There are also a number of small miscellaneous services for the development of deep sea fisheries. The demonstrators go almost everywhere in Canada, meeting women's circles and explaining to them how to cook fish properly and make it as palatable as possible.

Mr. NEILL: Are they ladies?

Mr. BERTRAND (Laurier): Yes; they are expert dietitians. The sundries item includes departmental advertising in fisheries periodicals and magazines. The item of $5,000 for printing is not very large. There is also provision of $2,000 for establishing an experimental kitchen for demonstrating; subsidies to freezers, $4,100; equipment and supplies for demonstrator, $1,200, and enforcing, $1,480. This amount has been reduced this year by $10,000 because, as I explained the day before yesterday, we have transferred the inspection department to item 70, which has been passed.

Mr. NEILL: The inspection department?

Mr. BERTRAND (Laurier): Instruction, I should have said. Since the war we have cut this amount considerably because we do not need to develop the demand for fish to too great an extent for the reason that we have not a supply equal to that demand. As to deep sea fisheries development, I do not think the name is a proper one.

Mr. HANSON (York-Sunbury): I agree entirely; it is a misnomer.

Mr. BERTRAND (Laurier): Hon. members may rest assured that next year it will not be cited in that way, because it raises a good many questions.

Mr. NEILL: Am I to understand that none of this has been spent on the Pacific coast?

Mr. BERTRAND (Laurier): There is some in the magazines for advertising, and in the cook books and so forth, but on the Pacific coast the situation is not the same as it is on the eastern coast.

Mr. NEILL: God forbid.

Mr. BERTRAND (Laurier): I beg your pardon?

Mr. NEILL: God forbid that it should be.

Mr. BERTRAND (Laurier): According to what the hon. member has heard, perhaps, God forbid that it should be; but the demand for help is not so acute there, or when the help is required it is for an amount much larger than these amounts.

Mr. NEILL: Well, the minister manages to conceal it pretty well, because it is not in this item. I wonder that members from Nova Scotia do not blush.

Mr. BERTRAND (Laurier): These demonstrators demonstrate how to use western fish in the great centres like Montreal, Toronto and Winnipeg, so that the Pacific coast fishermen get some benefit out of it too.

[Mr. E. Bertrand.]

Mr. NEILL: I will let it drop and I will not say a word to-night about the $160,000 of which they annually rob British Columbia of our share.

Mr. HANSON (York-Sunbury): Keep your hands off that; that belongs to us.

Mr. BLACK (Cumberland): I am not satisfied to allow this item to pass without a statement from the minister with reference to the brief submitted by the united marine fishermen. The hon. member for York-Sunbury, the hon. junior member for Halifax, and other members have brought this matter to the minister's attention. This brief arises out of the annual convention of the united maritime fishermen, held at Amherst, Nova Scotia, on November 24 and 25, 1943. I will quote from the covering letter:

> The committee prepared a questionnaire containing thirty-four (34) questions dealing with production, equipment, shore facilities, marketing, transportation, finance, organization and education. These questionnaires were sent to all organized groups of fishermen in Nova Scotia and New Brunswick as well as to many individual producers. The large number of forms returned is indicative of the interest the fishermen are taking in present day as well as post-war planning for their industry. Information was also obtained from leaders, officials, government statistics and royal commission reports on the inshore fisheries. From this information thus obtained the attached brief was prepared.

I think it is only fair to the members of this house and especially the members from the maritimes that a statement be made by the minister at this time as to what he will do with respect to this brief. Is he approving the representations made in it? If not, why not? If he is approving a part of them, then let him tell us about it. If some of the representations are under consideration and he wants to have more time, then let him tell us. Certainly we are entitled to some statement from him before the item passes.

Mr. BERTRAND (Laurier): We have studied the brief to see what we can do. The hon. member was speaking about education. We have a vote of $50,000 which will come on later, and out of that there is $37,000 spent in the maritimes, through the St. Francis Xavier extension department. We are paying subsidies in connection with a new kind of boat, $165 per gross ton, and we are having our laboratories in Halifax and St. Andrews by the Sea develop the fishing industry. We are building mechanical driers to replace the old method of drying fish, and generally we are doing all we can to help the fishermen in the maritimes. If the maritime fishermen want to follow the advice of the department I am sure their lot will be far better in the future,

because we believe that the reason why the fisheries have been lagging in the maritimes is that they were fishing with old boats, not getting enough fish and not landing their fish as fresh as they should have been, so that they could not reach the markets in proper condition. Fish is a product that must not be mediocre; it has to be absolutely right or the consumer will not accept it. We are helping the fishermen in that way. If four or five or six fishermen desire to get together and build a dragger, for instance, I am sure they can land twice as much fish as they have been landing by means of the old boats they have. We have built a long liner which is called the *J. J. Cowie*. It has made six trips and the results have been very good.

Mr. HANSON (York-Sunbury): Is that a steam trawler?

Mr. BERTRAND (Laurier): Yes, a long liner.

Mr. HANSON (York-Sunbury): What is the difference between a steam trawler and a long liner?

Mr. KINLEY: It is simply that they do not like the name.

Mr. HANSON (York-Sunbury): It does not smell very sweet.

Mr. BERTRAND (Laurier): It brings a lot of fish to the wharf.

Mr. KINLEY: How much?

Mr. BERTRAND (Laurier): Six million pounds in one case, but I was talking about the long liner at the present moment. We have built that long liner in accordance with the specifications of boats which are fishing in the Aleutian waters. We have a very good captain from the west who has got a crew together and he is at present on the sea. He is an eastern man with western experience. I have here the figures. The first trip of course, generally speaking, is not as good as when the gear is in proper shape. The first trip was made between April 8 and April 25; they landed 38,465 pounds of fish valued at $2,456, and the members of the crew received $201.58 each. The second trip was from May 3 to May 13 and they landed a value of $1,450.30. The third trip brought 11,834 pounds and they were out for seven days. I may say that this boat is making trials on all banks which are reputed to be good. They are making trials of them all. They are making trial trips.

Mr. HANSON (York-Sunbury): Exploration of the banks.

Mr. BERTRAND (Laurier): Yes. The revenue from fish caught between the period May 21 of this year to June 21 has not been submitted to the department, but up to June 21 the *Cowie* had caught 81,500 pounds.

Mr. KINLEY: A Lunenburg schooner would catch that in three days.

Mr. BERTRAND (Laurier): Just a moment; and 51,400 pounds of halibut. The gross value of the total catch would be approximately $8,158. We know that with this boat the fishermen would be able to fish the year round. They would be able to land a lot more fish than they are landing to-day with the boats they have, and we would have a continuity of supply. If we have a continuity of supply of good fish, better fish than we used to have, in the big centres, there is no doubt that we can increase the amount of fish consumed, which is to-day about ten pounds per person. We could increase that to fifteen pounds. That would bring about $10,000,000 more to the fishermen. These are some of the things we have done and intend to do.

I said a while ago that our engineers are now in the field working with the officials of Nova Scotia trying to make plans to build what we are going to call unit fishing plants. They will be refrigerating plants, and with other ways of processing fish along with the experience gained in the province of Quebec we are going to do something better than has been done there. We shall have an item in the supplementary estimates for that. That is what we are doing, and that is more important than doing small things here and there. With regard to the removal of the duty on nets and so forth, I intend to recommend that to council.

Mr. HANSON (York-Sunbury): Are they not pretty largely free now?

Mr. BERTRAND (Laurier): Some of them are, but I am going to recommend that.

Mr. HANSON (York-Sunbury): That is all very interesting, but is the minister now advocating a policy which has been the subject of great debate in Nova Scotia over a long period of time? If I gathered the minister's statement correctly his department is now advocating a return to the mechanical trawler; call it the long-line fisheries or the beam trawler, if you will, but a rose by any other name would smell as sweet to the shore fishermen of Nova Scotia.

Mr. BERTRAND (Laurier): Long-line is different from the trawler or the dragger.

Mr. HANSON (York-Sunbury): All right; there is no doubt about the impression that the minister has left on my mind at all events

as to the new departure in policy on the part of the department. I say to him that it has a good many features to commend itself, but I ask him if he would make that statement in Nova Scotia on the eve of an election? Is it the considered policy of the department that the propagation of the beam trawler should have the support and blessing of the department? The establishment of a sample trawler, the *J. J. Cowie,* owned by the department is itself a new departure in policy on the part of the department. I think we ought to know if the department, without having announced it, is now committed to the policy of the beam trawler. I should like a specific declaration from the minister, because whether he calls it a beam trawler or any other name it means the same thing. Is it now the policy of the fisheries department to advocate the use and operation by Nova Scotia fishermen of this mechanical type of fishing boat in order that there may be more production? That is the ground upon which the minister makes his statement. He referred also to continuity of production. I agree that these are important elements. I agree that it is necessary that fish should be landed in a proper condition before transportation because transportation to the central markets of Canada is long. I agree with continuity of supplies so that the dealers in the various centres and the housewives should know with some degree of certainty whether they can rely on an adequate supply of fish from week to week or day to day as the case may be. The minister having made his statement, I think the time has arrived when there must be a statement of government policy on this important matter. I shall continue to press for it until I get an answer affirmatively or negatively before this item passes.

Mr. HILL: My county is very much interested not in the deep sea fishing but in deep sea fish that are caught in inland waters. The minister brought up a point which I think is most important, namely, that these fish should be kept in proper shape for marketing. What plans has the department for establishing cold storage plants in which these fresh fish could be kept fresh until it is possible to place them on the Canadian market? At the present time in my county the only possible market for fish is the United States market. They are transported by truck because the nearest cold storage plant is fifty miles away in the city of Saint John. What has the department in the way of plans for cold storage plants along the coast so that the fish caught in the bay of Fundy and New Brunswick waters can be kept in cold storage until such time as they are marketed?

In addition to that I wish to point out that unless a floor price is put under fish and maintained after the war we shall go back to the same very bad conditions we had during the thirties, when fish dropped as low as forty cents a hundred pounds for the very finest type of fish, haddock, cod and pollock. That is less than half a cent a pound. The price remained there for several years and the condition of fishermen in my county became deplorable. Their boats were absolutely worn out. They did not have sufficient funds on which to live, let alone repair their boats and their gear was entirely gone by the time four or five years of these conditions had gone by. It was not because there was not sufficient market for the fish; it was because the buyers took advantage of the conditions to force the fishermen to sell their fish at a ridiculous price. This low price at which the fish were purchased did not give the fish to the consumer at a lower price, because in the city of Montreal they still had to pay twenty-five or thirty cents a pound for the fresh fish at a time they were selling at half a cent a pound to the producers. The only protection that I know the fishermen can possibly have against exploitation by the buyers is for the government to step in and set a floor price under the fish.

Mr. HANSON (York-Sunbury): I want a declaration of policy from the minister with respect to the use of mechanical fishing boats. I want to know what he is going to do with this brief of the maritime fishermen's union to which attention was drawn by the hon. junior member for Halifax.

The ACTING CHAIRMAN (Mr. Golding): Order. I do not believe these matters come under this item.

Mr. HANSON (York-Sunbury): I suggest that this has to do with deep sea fishing.

Mr. KINLEY: I agree, Mr. Chairman, but the minister himself introduced the dragger into the discussion, and I want to say something about this matter. We have an item here that has to do with deep sea fisheries. I think that is a misnomer, and the minister agrees. I wanted to say something about these experiments; I thought that would be out of order, but the minister interjected it and it seems to me we shall have to go on with the discussion.

Mr. HANSON (York-Sunbury): If the ruling is that we cannot go on with the discussion under this item, then I want to know where

and when we can go on with it, because I propose to get a declaration of policy from the minister.

Mr. BERTRAND (Laurier): I have no objection whatever to going into the matter now, although I suppose we should have gone into it under the war appropriation.

Mr. HANSON (York-Sunbury): We did not know about these experiments then.

Mr. KINLEY: I think I know something about it. The long liner was built in my riding. It is a medium size fishing boat built for the purpose of experimenting with long-line fishing, a system which is followed on the Pacific coast. If successful, it would be an innovation, and might be useful to some of our fishermen. According to the information given by the minister, however, I should say this boat is about half as efficient as the schooners there, but this is a good time to experiment. This boat uses a long line and has machinery for casting the line out and drawing it in. It is a rather expensive boat for a few fishermen to buy, but at the same time I am in favour of this experimentation with the long liners.

Mr. REID: What do those boats cost?

Mr. KINLEY: About $60,000, I think, though I am not speaking with full knowledge.

Mr. BERTRAND (Laurier): This boat could be built easily for $35,000 to $40,000.

Mr. KINLEY: In peace time.

Mr. BERTRAND (Laurier): We do not expect that costs are always going to remain what they are to-day. We now have trouble getting boats built. This boat should have been at sea five or six months ago, but it took that much longer to finish it.

Mr. KINLEY: I am not quarreling about the price, but I think that is about what it cost ready for sea.

Mr. HANSON (York-Sunbury): The minister should be able to state the cost.

Mr. BERTRAND (Laurier): That boat cost the department a little over $40,000.

Mr. KINLEY: With machinery, fully equipped and ready for sea?

Mr. BERTRAND (Laurier): Yes.

Mr. KINLEY: Everything?

Mr. BERTRAND (Laurier): Yes.

Mr. KINLEY: Well, I would not dispute that figure; I am glad to get it, because the impression on the coast is that the cost was $60,000, and some people thought that figure was excessive. I am glad to hear the minister say that the cost was $40,000, ready for sea.

Mr. REID: How many men does the boat carry?

Mr. KINLEY: Six or seven, I think; I am not sure.

Mr. BERTRAND (Laurier): Six men.

Mr. GILLIS: If I am permitted to break into this three-man debate I should like to say that after sitting here for the last two hours listening to this discussion one would be led to believe that the problem of the fishermen is something new in Canada. The funny thing about it is that practically every hon. member who has spoken on the matter at one time or another has been in a position to remedy the situation. I am not going to agree or disagree with anyone who has spoken. I am in accord with those who have suggested parity prices and a floor under the commodity the fisherman sells. I listened to the minister outline what he considered to be a policy. As far as I am concerned I do not think there is a policy now any more than there has been for the last thirty years. Some experimentation is being carried on because of the war, but the fishermen have been experimented upon and with by private fish buyers across the country for the past fifty years at least. That has been the problem of the fishermen. They are in the hands of the people who market their commodity, who are concerned only with themselves and what they can get out of it. That is the situation.

In the maritime provinces approximately forty thousand men depend upon the fishing industry. To-day many of them are in the service, in either the navy, the army, or somewhere else where they receive a livelihood. In 1939 the average income of a fisherman was around $240 for the year, out of which he had to purchase his nets and all the other necessary equipment. That was not an industry at all; it was a relief measure, and that situation existed throughout the industry in the maritimes, in both Nova Scotia and New Brunswick. The minister says that this boat of which he has spoken cost only $40,000. At $240 a year it would take a fisherman a long time to save enough money to buy that boat.

Mr. HANSON (York-Sunbury): Or a share in it.

Mr. GILLIS: Yes, or a share in it.

Mr. BERTRAND (Laurier): With what he is getting now it would not take so very long.

Mr. GILLIS: In my opinion that boat was designed to keep him in the hands of the fish companies, because neither now nor in the

near future will any fisherman be in a position to undertake to purchase one of these boats. That can be done only by an organized company exploiting the industry, so that there is no solution here to the problem of these fishermen.

Mr. BERTRAND (Laurier): If I may say a word, the orders in council that have been passed, of which I think the hon. gentleman obtained copies, provide that these boats can be built only by a group of fishermen numbering four or more. The subsidy is $165 per gross ton, which is more than half the cost of construction.

Mr. HANSON (York-Sunbury): What is the tonnage of this boat?

Mr. BERTRAND (Laurier): It is sixty feet long.

Mr. KINLEY: It is about eighty tons.

Mr. BERTRAND (Laurier): I will give the tonnage in a moment.

Mr. GILLIS: I was coming to that. I appreciate what the minister has said, that it would be possible to organize the fishermen on a cooperative basis to take advantage of that offer, and I was leading up to that. But the point on which I should like to focus the attention of the minister is this matter of cold storage facilities. That is one of the big problems of the fishermen in the maritimes. We have perhaps two thousand miles of coastline, in which there are not more than a dozen places where there are facilities for the freezing and handling of fish, or the providing of bait, through cold storage. The facilities in that connection are completely inadequate. What is the solution of this problem of bait? I think the men engaged in the industry should be qualified to speak. One hon. member mentioned the programme for rehabilitating the maritime fisheries in the post-war period. These men are realistic about the matter, but this is one industry in the whole field of reconstruction in connection with which I do not believe any recommendations have been made. Many of the boys who left that industry are coming back from the services, and at page 5 of the brief they have something to say on the matter of cold storage facilities, as follows:

> Quite obviously the setting up of a modern freezing and coldstorage plant is beyond the resources of any ordinary group of fishermen. That being so, we contend that it is the function of the state to provide these facilities for the people and to operate them under a board or commission as a state-owned public utility. The setting up of facilities of this kind which are essential for the proper development of a great industry, and for the welfare of thousands of our best citizens, is as much the responsibility of the state as it is to build and operate railways, electric power plants and similar projects. The subsidizing of cold storage plants controlled by private enterprise has proved most unsatisfactory in the past and will not serve the purpose in mind. Accordingly we urge that the government formulate a freezer and cold storage policy for the fishery under which a chain of freezers will be established at strategic points and operated as a state-owned public utility. It is suggested that such plants would charge the prevailing freezing and storage rates to those using them, but that service to the fishermen rather than profit be the ultimate objective.

Mr. BERTRAND (Laurier): That is exactly what I said. Our engineers are in the field to-day.

Mr. GILLIS: That is the recommendation made. If the minister tells the committee that that is the government's policy, as requested in the brief, then I am quite satisfied. I am glad to hear the minister say that, because in no other way are cold storage facilities going to be made available along that long coastline.

Another recommendation made in the brief should be given consideration. This appears at page 6, and refers to the educational opportunities of those engaged in the industry. This is the paragraph appearing in the brief:

> Progress cannot be made in the fishery any more than in any other branch of endeavour unless those engaged in it are intelligent and well informed. Statistics indicate that there is a greater proportion of illiteracy in the fishing areas than in other sections of the country. In one of the fishing counties in Nova Scotia, according to the 1931 census, 14 per cent of the population above school-going age were totally illiterate. The cause of this situation should be removed, an effort made to stimulate a greater interest in the school, and the necessary steps taken to give the youth at least the common school fundamentals.

I would say in that regard that I agree with the statement made in the brief. In connection with rehabilitation, so far as the fishing industry is concerned, I believe there is in the estimates a grant which has been passed in the past few years. Reference was made to that to-night by the minister. I believe there is an amount of $37,000 which goes to the cooperatives in the maritime provinces for educational purposes among fishermen. I believe that grant is filling a greater need in the maritime provinces, among the fishermen, than any other expenditure made by the government.

Mr. BERTRAND (Laurier): I agree.

Mr. GILLIS: There is no doubt about that. If in the post-war period there is money available for the purpose of the rehabilitation of the fishing industry, I believe that group of people who went out, on their own, and undertook the responsibility of educating the

fishermen as best they could, in groups and study clubs, concerning the processing of fish, and also gave elementary education to some extent, should be used after the war to do this work. They have the interests of the fishermen at heart. They work with them and for them. Right along the shoreline a group has been developed, among the fishermen themselves. This group is most capable, in respect of both marketing and processing, and every endeavour connected with the fisheries. In my view that is the group which will solve the problems of the fishermen of the maritimes in the post-war period.

As has been pointed out in the brief, a great percentage of this good work begins with the children of the fishermen, by giving them the necessary educational opportunities, so that they may know something about their industry when they are ready to play their part in it. In my opinion that grant to the cooperatives in the field of education should be increased a thousandfold in the period of reconstruction after the war.

With respect to the use of trawlers, may I say I am not technically qualified to speak with authority on the subject. This has been a subject of controversy in Canada for some considerable time, as is indicated from a reading of the debates of the last parliament in which the hon. member for Queens-Lunenberg and one of the members from Halifax took part. There was a wide difference of opinion between those two members.

The writers of the brief, however, who should know something about the matter, have made a recommendation. This is what we find at page 7:

> The royal commission investigating the fishery of the maritime provinces in 1928, as well as the Nova Scotia royal commission of economic inquiry, 1934, and the royal commission on price spreads, 1935, were unanimous in their advocacy of cooperative organization among the fishermen. Much progress has been made in the development of cooperative processing and marketing organizations and in the setting up of credit unions. To the extent that these organizations are increasing in numbers and in usefulness there is hope and confidence developing among fishermen. This movement should be encouraged and fostered for it is only by acquiring ownership and control of their own business through cooperative organizations that they can play their full part as good citizens of Canada.

They go on to point out with respect to beam trawlers, after careful inquiry:

> Clearly, then, the unrestricted use of trawlers is inimical to the interests of the inshore fishermen, and on behalf of its members this association must continue its opposition to them.

They are definite and emphatic. They preface this statement with many reasons why the trawler should be discouraged.

I am not going to continue the discussion, because I know the minister wishes to have the item passed. I wish, however, to focus attention on the fact that the whole discussion here to-night is merely another indication of the failure of private enterprise in Canada in one of our basic industries. That is the sum and substance of the discussion, as I have heard it. The solution is ownership by the people themselves. That is advocated in this brief, referred to by practically every hon. member who has spoken on the subject to-night. The full utilization of the educational facilities provided by the cooperative workers among the maritime fishermen, along the lines suggested by the brief, is necessary to the problems faced by the fishermen in the maritime provinces. Otherwise, so far as I am concerned, there is no solution.

Mr. KINLEY: Apropos of what the hon. member has said I think I must object to any suggestion that private enterprise in my section of the country has failed, in respect of the fisheries. I do not call it private enterprise; I call it free enterprise. I might even go farther and say that cooperative enterprise as between capital and labour has been the way the fisheries of Lunenburg have been conducted for the last half century. I say, too, that Lunenburg is the greatest commercial fishing centre in Canada, so far as the deep sea fishing industry is concerned.

These companies are not so bad. I have a statement before me respecting one of the big fish companies of Nova Scotia in Halifax. According to their annual statement last year they had an operating profit of—

Mr. REID: Prince Rupert is away ahead as a fishing centre; keep the record straight.

Mr. KINLEY: This is one of the largest fishing companies in Nova Scotia. Last year they had an operating profit of $671,687.89. They put away for reserves for depreciation on plant and vessels, $54,961.68. After deducting salaries for executive officers and directors' remuneration, they had $616,726.21, and income and excess profits taxes of $526,025.59. It seems to me that when a company contributes over half a million dollars to excess profits and income taxes in war time it would appear to be a successful company.

Mr. GILLIS: What did the man who caught the fish get out of it?

Mr. KINLEY: I will come to that. I want first to deal with the brief of the united maritime fishermen. With regard to the trawler, they say:

> This association is unalterably opposed to unrestricted operation of otter trawlers or draggers. Trawlers and draggers are designed

solely for the catching of ground fish such as cod, haddock, rosefish and flounders. It is incapable of capturing any other variety. If all our fishermen, or even a substantial portion of them, were deep sea fishermen and interested only in the production of groundfish it is conceivable that the industry could, without much disruption, be trawlerized. But with eighty-seven per cent of our fishermen engaged in a diversified form of fishing which includes in addition to cod and haddock the production of lobsters, mackerel, herring and a score of other varieties not producible by trawlers this instrument is utterly impracticable.

And again:

Clearly then the unrestricted use of trawlers is inimical to the interests of the inshore fishermen, and on behalf of its members this association must continue its opposition to them.

Lest the charge be made that we are unprogressive, may we call attention to the fact that in the past fifteen years the fishery of the maritime provinces has been a subject of inquiry of three royal commissions namely the royal commission on fisheries 1928, the royal commission on price spreads 1935, and the royal commission of economic inquiry Nova Scotia 1934. All three commissions recommended against the trawler.

The minister has stated that he is subsidizing draggers by order in council. I first objected to the order in council, because the preamble designates a dragger as a small vessel and then in the body it says that she may be as large as the minister may decide. I objected to that, because we are subsidizing the latest type of trawlers and they are now being built in Nova Scotia.

For years I have been concerned about the employment of our fishermen, and I did not think they could get full employment if we permit trawlers to supplant the fishing schooner and the other boats of the fisheries. Three fishing schooners will catch as much as a trawler and the charge that they will not land the fish in as good condition is unfounded. The whole economy of the fisheries and other allied industries in Nova Scotia has been built up on the use of schooners. They have been the best producers of fish; they have been successful and are paying large amounts to this government in the form of income taxes.

The people in my county are not scared of the trawler, because they have been in the forefront of the fishing business. But they do object to being subsidized out of business. This subsidy is being paid to draggers and long liners, and the fishing schooner, which has been doing this work for twenty, thirty or even fifty years, is to be subsidized out of business by the payment of $165 per ton to another type of vessel.

I object to discrimination. As the member for Lunenburg, as a member representing fishermen, I cannot be expected to support anything which would discriminate against the fishing industry in the part of the country I represent. I realize that much of this subsidy money will come to my riding since two of these vessels are to operate there. If we have reached the stage where we must experiment, if we must try out these vessels, let it be done, but let us carry on and let it be a free field without favour. I am going to be fair with the minister and tell the committee that I went to him and said that I would not stand for this. I thought I had his promise of equitable treatment and he did give us depreciation for fishing schooners for one, two or five years. The order in council provides that the subsidy paid will be substracted from the cost when depreciation is received. If we are successful in our fishing the schooner will be in a good position and I thank the minister for that.

Mr. REID: Does that apply to the other boat?

Mr. KINLEY: That applies to the other boat except that it will get $165 subsidy. While in the long run you are just as well off with your depreciation as you would be if you got the subsidy, the fact is that when you sell your boat you get the subsidy if it has been paid, whereas in the other case you must adjust the depreciation to the age of the boat according to ordinary depreciation rates. I do not blame the minister because I think he was sympathetic. However, I think he met difficulty. My people have been in the forefront of the fishing industry for nearly a hundred years. The county of Lunenburg did not come to the government for relief during the depression. They carried on their industry successfully, and I strongly object to discrimination being shown against a fishing fleet which has been such a success in producing the wealth and the culture that is to be found in my county. After trying as much as possible to get this matter adjusted, I think the time has come for me to say that I think we have been given only part of what we should have received.

Mr. HANSON (York-Sunbury): I think we ought to have a statement from the minister.

The ACTING CHAIRMAN (Mr. Golding): This is all out of order as far as the item is concerned.

Mr. HANSON (York-Sunbury): The minister agreed to take it up now.

Mr. BERTRAND (Laurier): Perhaps it would be just as well to go on. The hon. member for Cape Breton South has spoken about the brief and I agree completely with a lot of what he said. I am absolutely in favour

of cooperatives. Year after year the department has been providing certain amounts for the education of adult fishermen and these men have organized cooperatives in many places. I do not want to give the number of cooperatives because I might be wrong, but there is a large number. They have also organized credit unions. It is a very good policy that we intend to follow, and there is no doubt that after the war a larger amount should be granted for the purpose of helping the fishermen in that way.

As to the long liners, it is a boat similar to the boats used in the west for fishing for halibut. There is a long line, 300 fathoms long, which is set mechanically in the water, with hooks on it.

Mr. HANSON (York-Sunbury): A long trawl.

Mr. BERTRAND (Laurier): It is a long line. It has not a pocket-net like the dragger.

The schooners which the hon. member for Queens-Lunenburg speaks of have been very good boats and are still good fishing boats for salt fish at certain times of the year. They carry dories manned by two of the crew, and they are left on the sea fishing, while the mother ship goes elsewhere, perhaps seven to fourteen dories, according to the size of the ship. The hon. member knows very well that to-day it is very difficult to get fishermen for these dories because it is very hard work. The consequence has been that the boats have been diminishing in numbers since long before the war. I have the figures here. In 1920 there were 146 of these schooners, up to forty tons and over; in 1925, ninety-nine; in 1930, eighty-three; in 1935, fifty-three; in 1940, forty-nine; and in 1942, forty-four. Then of vessels between twenty and forty tons, and these are also schooners, there were in 1920, eighty-eight, and the numbers varied in the following years from seventy-one to seventy-three, eighty, eighty-five and seventy-seven.

Smaller boats between ten and twenty tons are not considered schooners, and their numbers have increased.

Now as to the number of fishermen, the number of fishermen, including those on the small boats, was in 1920, 5,568; in 1925, 4,473; in 1930, 3,948; in 1935, 3,526; in 1940, 4,112, and in 1942, 3,757. Those figures include the smaller boats between ten and twenty tons, the number of which rose to 750 in 1942. So that the schooners have been going down in numbers and the men employed have also been going down in numbers.

There is another aspect. These vessels have been obliged more and more to use Newfoundlanders.

Mr. KINLEY: What is wrong with that?

Mr. BERTRAND (Laurier): Will you please allow me to answer? There are certain circumstances that the hon. member did not mention. In 1926 the estimated crews numbered 1,840 men; in 1927, 1,660; and then it goes down to 320 in 1943, when sixteen vessels were operating. In that year there were 183 residents of Newfoundland among the fishermen, or fifty-seven per cent. I have here figures of the fish landed at Lunenburg and Halifax by vessels. Take first the *Fairmose,* which is the best boat according to this return. It landed 3,596,395 pounds of fish at Lunenburg on twenty-eight trips, or an average of 128,448 pounds per trip, and the vessel worked for forty-eight weeks.

Mr. HANSON (York-Sunbury): That is a good record.

Mr. BERTRAND (Laurier): A very good record. I have also figures for the draggers. The *Cape Agulhas* in 1941 landed 6,059,400 pounds.

Mr. KINLEY: She is a beam trawler.

Mr. BERTRAND (Laurier): It is the same principle. It landed 6,059,400 pounds in forty-eight trips, or almost double the amount landed by the *Fairmose.* The average days per trip were 7·6, which means that the vessel was out for almost fifty-two weeks in the year.

Mr. KINLEY: What did that boat cost?

Mr. BERTRAND (Laurier): It carries a smaller crew. There is one more man in the *Fairmose.* The trawler crew is twenty men and the schooner carries between fourteen and twenty-eight men. The *Fairmose* is a big boat and would have a crew of about twenty-eight.

Mr. KINLEY: About twenty-seven.

Mr. BERTRAND (Laurier): It might cost more, but it has been landing a great amount of fish.

Mr. HANSON (York-Sunbury): They are all under charter, as a matter of fact, from the other side.

Mr. BERTRAND (Laurier): We are also granting a certain amount of subsidy for these boats. But we found that in the east nobody was using the subsidy, and the fishermen have accordingly asked us to reduce our requirements as to the size of the boat. We had specified a minimum length of seventy-two feet. Now they ask us to reduce that to fifty-

five feet to allow groups of fishermen to get together and build a dragger, which works on the same principle as the long liner, to a length of fifty-five feet or more, and that we grant the same subsidy. There are two applications before us now. One boat was started before the order in council was passed. These draggers are well known in the United States. A lot of them go fishing on the Grand Banks, and we feel that we should have our share of the fish caught by this method. They have also draggers on the west coast, where they are very successful, so much so that we shall have to come to an agreement with the United States probably to limit the number of fish caught.

The brief presented to us by the united fishermen says that they do not want the unrestricted use of trawlers, meaning that they do not want the trawlers to fish anywhere. We are going to see, through the system of granting a licence, that the trawlers fish far away from the shore.

Mr. HANSON (York-Sunbury): They never fished inshore.

Mr. BERTRAND (Laurier): They will have to fish at a certain distance from the shore which has not been defined because we have not yet granted any licences. We feel that these two kinds of boats, the dragger and the long liner, in which the fishermen can work more easily than in the dories, and furnish the purchaser with a continuous supply of fish, are going to be of great importance. That is the view of a good many fishermen. If they do not like the draggers they can go in long liners. The hon. member has been arguing in favour of the schooner, but we know that while the schooner is good, it cannot compete with the others because it cannot fish at any time of the year.

Mr. KINLEY: One fished for forty-eight weeks.

Mr. BERTRAND (Laurier): One did fish for forty-eight weeks, but there are thirty here and I see that some of them fished twenty-seven, twenty-four, fifty-one, twenty-four, forty-two, twenty, fifty weeks and three weeks.

Mr. KINLEY: These boats are carrying their own fish to the West Indies and they could not get transportation. Furthermore, they have been induced by the wartime shipping board to carry produce from the United States to the Caribbean sea ports, so that they are in other war business at the moment.

[Mr. E. Bertrand.]

Mr. BERTRAND (Laurier): But during the winter season, when the weather is rough on the banks, you see trawlers and draggers from the United States which are fishing and you hardly see any schooners, according to our reports.

Mr. KINLEY: Suppose I admit that for the purpose of argument only.

Mr. BERTRAND (Laurier): I am not through; I wish to finish. The hon. member said that the schooner is a profitable boat and that is true. Everyone knows that the shares are divided into sixty-four, and gentlemen may buy a share at $300 or $500—I do not know—and it brings a very large return to the shareholders. That is true; but it does not bring as large a return to the fishermen as the long liner will bring.

Mr. KINLEY: I hope that what the minister says is true.

Mr. BERTRAND (Laurier): The reason is that the latter will land much more fish so that the fisherman's share will be larger.

Mr. KINLEY: Suppose for the sake of argument we admit that the other is a superior machine—

Mr. BERTRAND (Laurier): Well, let us try it.

Mr. KINLEY: —why then does the minister want to subsidize our people out of business? It seems to me that by giving a subsidy to the long liner and the beam trawler he is admitting that they cannot survive without that assistance. For years I have heard about the efficiency of the beam trawler, and here, when we find fishing at its most profitable in the history of the industry, we have to subsidize with government money the building of beam trawlers. The minister says that the fishermen do not do so well in the fishing schooners. Well, let me tell him that the fishermen in Lunenburg do better in the fishing schooner there than fishermen in any other type of fishing vessels in the maritimes. As regards the beam trawlers, the minister will find that the men on them are not Canadians but many are Icelanders and Newfoundlanders, and they are good men. To argue that our fishing schooners should be out of business by reason of the fact that Newfoundlanders are coming to Nova Scotia to fish does not appeal to my reasoning. Let me tell the minister that many of the Lunenburg fishermen are to-day in the army, the navy, the air force and the merchant navy, the result being that we are denuded of men on the shores of Nova Scotia. The reason

why there is a shortage of labour is that the war-time effort of the people of my county is such that there is bound to be a shortage, and he gives shortage of labour as his reason for the order in council.

Mr. HANSON (York-Sunbury): We have had an important declaration from the minister, given somewhat reluctantly—

Mr. BERTRAND (Laurier): Given very freely.

Mr. HANSON (York-Sunbury): —and it is to the effect that it is now the policy of the government to propagate on the Atlantic coast the establishment of mechanical fishing boats and to subsidize them. That never had to be done before. Under the old system the beam trawler was chartered from the other side and put into operation by the fishing companies. It served a useful purpose, but it encouraged the most outstanding opposition on the part of the inshore fishermen that anyone in this house can imagine and that feeling exists to-day. Indeed, the brief referred to by more than one of the members from Nova Scotia, as well as by myself, corroborates entirely the feeling entertained by the fishermen themselves. I am glad to have the minister and the administration on record as having come out into the open—dragged out into the open if you will—with the policy that they are now encouraging the establishment of mechanical trawlers on the Atlantic coast.

Mr. BERTRAND (Laurier): That policy was put into effect long ago.

Mr. HANSON (York-Sunbury): That will be very interesting reading in the Halifax *Herald* to-morrow morning, and I hope the press will get it across to the reading public in Nova Scotia. It will be very interesting reading to the inshore fishermen of Nova Scotia who live on the south shore, those who live in the eastern part of Nova Scotia and on the bay of Fundy and on Cape Breton island. I wonder what the hon. member for Inverness-Richmond (Mr. McGarry) is thinking. What thoughts are going through his mind to-night as he hears this declaration? Was he consulted when that policy was put into effect? Was the hon. junior member for Halifax consulted when that policy was put into effect? Was the hon. member for Shelburne-Yarmouth-Clare (Mr. Pottier) consulted when that policy was put into effect? Apparently the hon. member for Queens-Lunenburg (Mr. Kinley) knew something about it; he endeavoured to ameliorate the condition of his fishermen, as it was his duty to do, and he made out a case for his fishing schooners—a good case.

Mr. MACDONALD (Halifax): This is part of the war measures adopted to increase the production of fish.

Mr. HANSON (York-Sunbury): Do not let us sidetrack it with the red herring of the war, a war measure. The fishermen of Nova Scotia know that once the beam trawler and the mechanical fishermen are introduced into the Atlantic fisheries they will be there to stay.

Mr. MACDONALD (Halifax): We have had them for years.

Mr. HANSON (York-Sunbury): They have been licensed from year to year. There are no more than three to-day. I am not personally condemning the beam trawler, because there are features about it that commend themselves. The minister stated them and I repeated them, but I want to fasten upon the government the declaration of policy made to-night and I will see that it is made public in the province of Nova Scotia. I am satisfied with this night's work.

Mr. MACDONALD (Halifax): Would the minister care to comment now on my submission that the same import duty concessions granted in respect of farm implements be extended so as to include articles designed for fish production, curing and processing plants?

Mr. BERTRAND (Laurier): I will take the matter into consideration.

Mr. McGARRY: While I agree that in this time of war extraordinary provisions and regulations obtain in the matter of production, yet there seems to be something paradoxical about the whole arrangement. In the first place, I consider that the production of the fishermen in Nova Scotia is one of the most essential requirements for the war effort. Now, the paradox, as I see it, about this incentive to produce, particularly in the matter of fish production, is this. On the one hand they are asked to produce lavishly and generously. On the other hand, when I ask that greater facilities be afforded to them to produce, it does not seem to be a matter of concern to those who are calling out loudly for production. In my constituency we have large cooperative fisheries and individual men who are carrying on the fisheries, but they have to-day no approach to their wharves to land their fish, or any place of security in which to put their boats where they could place them and not be exposed to the hazards of the sea. I have asked the Department of Public Works to make some provision for that. I am protesting against the paradox. A paradox is something that is neutral and negative in its action. In my constituency I have three very important

places where the cooperative fishermen have no access to their wharves to land their fish and no secure place in which to put their boats. I know the Minister of Fisheries is vitally concerned with the fishing industry of this country. Would he not help me to prevail upon the Department of Public Works—

Mr. BERTRAND (Laurier): I did on two occasions. I would ask the hon. member to get in touch with the Minister of Public Works. I did it on two occasions.

Mr. McGARRY: Would the minister intensify his efforts in behalf of the fishermen of my constituency?

Mr. GRAYDON: He wants you to do better.

Mr. McGARRY: Yes, to do better with regard to the conditions in my constituency. There we have honest, earnest cooperative effort carried on in behalf of war purposes. I ask the minister to do what he can. I wonder if I can incite him to try to impress upon the Department of Public Works to afford proper facilities for the men to carry on their production on at least a minimum scale? If he did that he would have my appreciation and I would extend to him everlasting thanks.

Mr. HANSON (York-Sunbury): I should like to corroborate what the hon. member for Inverness-Richmond has said. I saw with my own eyes on a Sunday last summer a situation that I could not believe existed. I am not going to name the place, but the access to the harbour where the fishing boats might lie at safe refuge was absolutely blocked and the wharf was down. While I was there I made inquiry from a prominent resident of the locality, and he told me that although they work in a cooperative society, although they had made representation, I presume through the hon. member, absolutely nothing had been done to reestablish the facilities that were installed there between 1930 and 1935. That situation is intolerable. A very minimum of expense is required to reestablish those facilities. The hon. member is just 100 per cent right when he calls upon the government and the department to recondition the facilities that the fishermen must have if they are to have their boats lie there in safety. The fishermen cannot build those facilities themselves; it must be done by the government as it has always been done. In recent years the difficulty has been that those facilities have been allowed to run into decay and to become destroyed by the action of the elements. I heartily support what the hon. member for Inverness-Richmond has said with respect to the absolute neglect of this important public work on the part of the present administration.

Item agreed to.

Progress reported.

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

ADDRESS

OF

THE RIGHT HONOURABLE PETER FRASER, P.C.

Prime Minister of New Zealand

TO

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

IN THE

HOUSE OF COMMONS CHAMBER, OTTAWA

ON

FRIDAY, JUNE 30, 1944

Mr. Fraser was welcomed by Right Hon. W. L. Mackenzie King, Prime Minister of Canada, and Mr. Gordon Graydon, Leader of the Opposition, and thanked by Hon. Thomas Vien, Speaker of the Senate, and Hon. James Allison Glen, Speaker of the House of Commons.

Right Hon. W. L. MACKENZIE KING (Prime Minister of Canada): Your Royal Highness, members of the Senate and of the House of Commons, ladies and gentlemen: We are delighted to have as a guest of Canada to-day the Right Honourable Peter Fraser, the Prime Minister of New Zealand.

I desire, Mr. Fraser, to extend to you the warmest of welcomes on behalf of the people of Canada; and on this occasion more particularly to welcome you on behalf of all the members of both houses of Canada's parliament, members of all political parties, and, perhaps I should add, one or two who for reasons best known to themselves claim they are not members of any party.

I am sure I may also be allowed to express a word of personal welcome.

During the years of war you and I have shared like responsibilities, and recently have been closely associated in the meetings of Commonwealth Prime Ministers in London. I have greatly looked forward to the honour of introducing you, as I did quite recently Mr. Curtin, the Prime Minister of Australia, to my fellow parliamentarians. That great pleasure and honour I have to-day.

You will be interested in knowing that Mr. Churchill, who presided over our meetings in London, also spoke from this table to members of our parliament on a visit he paid to Ottawa in December, 1941. Ottawa has also had the honour of a visit from Field Marshal Smuts. That, however, was as long ago as 1930. I regret it has not thus far been possible for the Prime Minister of South Africa to pay us another visit. We shall hope to welcome him at some time in the near future. The welcome will be all the greater should the defeat of our common enemies have been accomplished meanwhile.

This is Mr. Fraser's third visit to Canada during the present war. It is, however, the first time he has been in Ottawa when our parliament was in session. We are delighted that he has consented to address us this afternoon, and I wish to thank him at once for his kindness in so doing. Our interest is redoubled by the knowledge that he has recently visited the battlefront in Italy where fighting men of New Zealand and Canada have been in action side by side.

Before I ask Mr. Fraser to speak to us, I should like to say a few words intended not only for the Prime Minister, but equally for the parliament and people of New Zealand.

When Mr. Fraser visited Canada in the late summer of 1941, the war might well have seemed to his countrymen remote and distant. In miles, no country was farther from the battlefronts than New Zealand. Yet no country had entered more whole-heartedly into the

struggle. Early in the war, naval forces of New Zealand had taken a brilliant part in the battle of the River Plate, in which an end was put to the *Graf Spee*. Soldiers from New Zealand had already covered themselves with honour in the western desert, in Greece, and in Crete. The young airmen of New Zealand, many of whom had been trained in our midst, had already distinguished themselves in the unending battles in the skies. I cannot tell you, Mr. Fraser, how favourable is the impression which the young airmen from New Zealand have made upon us all in the course of their sojourn in Canada.

It will ever be remembered that New Zealand did not wait for the forces of tyranny to approach her shores; that she recognized that freedom threatened anywhere meant freedom theatened everywhere. From the outset, the young men of New Zealand went forth to uphold freedom wherever it was assailed.

When a year later Mr. Fraser visited us a second time, the war in terms of geography was for New Zealand no longer distant and remote. While to Australia the threat of invasion by Japan was more immediate, to New Zealand it was also perióusly close. Despite their great anxiety, the people never faltered. The fighting men of New Zealand—those who were not already serving in European and African theatres—took their place beside their comrades from Australia who were resisting the invader. Together they held him at bay until United States forces were also in the firing line. In turning back the Japanese tide the New Zealanders have played a valiant part.

We are indeed proud to-day to recall that armed forces of Canada and armed forces of New Zealand have throughout the war fought side by side in many parts of the globe. I wish this afternoon to give you, Mr. Fraser, the assurance that this comradeship in arms will continue until, in both hemispheres, the defeat of our common enemies is accomplished. Thereafter the comradeship between our peoples at a time of war will become a partnership, closer than ever, in all that pertains to the arts of peace. Meanwhile, as a further evidence of the community of interest which exists between Canada and New Zealand, there will be tabled to-day, in your parliament and in ours, copies of a mutual aid agreement between Canada and New Zealand which was signed at Ottawa on the eve of your arrival in our country.

May I add how pleased we are that on your present visit you are accompanied by Mrs. Fraser and General Puttick, chief of the general staff, New Zealand forces. To Mrs. Fraser and to General Puttick I would also extend a very cordial welcome. We wish you all, and all of your party, a pleasant sojourn in our capital and a safe return to your homeland. We wish your stay in Canada might have been a little longer. We would ask you to take with you to the people of New Zealand an expression of the admiration of the people of Canada for their outstanding contribution to the war effort of the united nations. We would like you to tell them of the pride Canada feels in the deepened friendship of our two countries. And we should be pleased if you would convey to the members of the armed forces and to all the people of New Zealand our best wishes for the success of their great endeavours.

I shall ask Mr. Graydon, the leader of His Majesty's Loyal Opposition in the House of Commons, to join me in the welcome being extended to-day on behalf of all members of the parliament of Canada to the Prime Minister of New Zealand.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Prime Minister and hon. members of the Senate and of the House of Commons, ladies and gentlemen: I deem it a high honour to be granted the privilege of making unanimous the courteous and cordial welcome accorded so fittingly to New Zealand's distinguished Prime Minister on this war-time occasion by the Prime Minister of Canada.

Although that small but mighty island member of the British commonwealth is widely separated by distance from this dominion, no people stand higher in Canadian esteem. No people anywhere are closer to Canadian hearts. The exemplary character and conduct of those fine lads of the Royal New Zealand Air Force while here in training during this war have served to unite more firmly than ever the bonds of friendship between us.

New Zealand has strained her last sinew to lay her all on the altar of liberty. More than one out of every ten of her population will be found making their magnificent contribution in the armed services, while major decorations for gallantry awarded to her valiant fighters exceed in numbers those won by the forces of any other nation of like population in this war. Added to this, she had the distinction and honour of being the first of the Commonwealth powers to range herself at Britain's side when the present world-wide conflict came. On the home front too, her workers, her farmers, her industry and her citizens in general have shown the world, by their high level of war-time production and their personal sacrifices, what total war really means.

Mr. Fraser, we honour you to-day not only as the war-time leader of the New Zealand people and a power in commonwealth affairs, but for what your life and your example have meant to us all. Truly it can be said, as it has been said of many another Scotsman, that you are one more honour graduate of the school of hard knocks and experience who has made good in the broader field of public affairs. Your preparation for the heavier responsibilities involved in national leadership, gained as it was in the ranks of the workers, in the trade union movement and in the field of journalism, gave you a foundation and furnished an inspiration which cannot fail to be of inestimable value.

We in this parliament and country extend to you and Mrs. Fraser a royal welcome to-day. May you both experience a safe and pleasant journey home; and may I suggest that you carry with you the greetings and best wishes of the Canadian people, who join with yours in a fervent prayer that God may speed the day when the war drums throb no longer and the battle flags are furled in the parliament of man, the federation of the world.

Mr. Fraser, I join with our Prime Minister to make this nation's welcome unanimous.

Right Hon. PETER FRASER (Prime Minister of New Zealand): Your Royal Highness, Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, members of both houses of parliament: I wish to thank you most sincerely for the welcome you have extended to me, first of all, as the representative of New Zealand. I wish to thank Mr. Mackenzie King and Mr. Graydon for the all too kind words about myself, and for the friendly and hospitable references to Mrs. Fraser and General Puttick and our other friends who are with me.

I am glad to have this opportunity of speaking under this historic roof, in this home of the representative institutions of the oldest and the largest British dominion. I thank the speakers for their kind references to New Zealand's part in the war effort and the fight for humanity and freedom. But I also know what your country has done. I know its great contribution, and I wish to extend to the government and parliament of Canada my very sincere thanks for their cooperation, and for the help they have invariably extended, when requested by New Zealand, in the form of munitions and other war requirements. We never ask in vain. I echo the sentiments of your Prime Minister when he expressed the hope that this cooperation, trust and good will may extend far beyond the utmost boundaries of the war period and prevail in the future, contributing to the success as well as the friendship of our two peoples.

I wish to express a word of appreciation of the latest instance of that cooperation, comradeship and assistance. The Prime Minister has announced that during the present week New Zealand and Canada have signed a mutual aid agreement. This gives me an opportunity to express appreciation of the mutual aid principles that have been so carefully worked out by the Canadian government. And I think you will join with me, Mr. King, as all others will, in paying tribute also to a great man, the President of the United States. Of course I step aside from politics, both in the United States and Canada; but irrespective of political parties or leanings, we pay a sincere and heartfelt tribute to President Roosevelt, as a true friend of humanity, as the man who evolved the plan under which a most generous contribution was made by a neutral nation to the cause of those of us who were fighting for freedom. History does not record any more generous action on the part of a non-belligerent country toward countries which they knew, were fighting the battle of humanity.

The principles embodied in the mutual aid agreement just signed between Canada and New Zealand are appreciated greatly, because of the clarity with which they state that mutual aid transactions carry with them no hampering post-war financial liability. The agreement is for mutual aid. I stress "mutual aid," because while Canada with its great industry has made a remarkable contribution to the needs of the united nations, and while the agreement will extend aid to the country of which I am privileged to be Prime Minister, New Zealand in turn, wherever and whenever Canada can be helped by the use of our resources, will gladly make them available. She will be proud to reciprocate within the means at her disposal.

This war requires a common effort in which we are all pledged to join, individually and collectively, to the utmost extent in order to achieve victory for all. In that pledge of unremitting effort we in New Zealand, with you in Canada, hope to carry out to the fullest degree the true spirit of mutual aid.

May I mention another important contribution of this country toward the solidarity of the united nations. I refer to the good neighbour policy which has been in effect for so many years with our friends in the United States. If in the whole world there is one example more striking than another of the benefits of such a policy it is to be found in the St. Lawrence

river, the great lakes, the long miles of western prairie, on which there is no fort and no gun, and where on both sides of the line there is friendship and cooperation. That example of two great countries on the North American continent, with the understanding which in the past has been established between them, has stood us in good stead in our hour of trial, and its influence has extended to all the united nations. Canada has given the lead.

I am not going into details with respect to your war effort. You know about that. The fact that 800,000 men and women have been enrolled in the forces, and the further fact that 2,000,000 persons are taking part in the industrial war effort of this country, are sufficiently eloquent and convincing testimony as to the whole-hearted way in which Canada has thrown itself, without reserve, into what it knew was a struggle for the existence of all that is decent in the life of mankind.

Canada, like New Zealand, had no doubt in September, 1939, as to where it would stand. Canada, like New Zealand, like South Africa and Australia, knew that our mother country had gone to the limit—yes, had gone beyond the limit—and had risked dangers in her endeavour to convince people who would not be convinced that the path of righteousness was the path of safety and security for everybody.

Our countries had not piled up arms. They had not invested their capital in huge, hidden forces to be let loose in a flood of destruction upon mankind. Whatever may be said as to the wisdom of policies immediately preceding the war, this at least will be counted to the credit of the United Kingdom and the British commonwealth of nations, that our feet were turned into the paths of peace, and our thoughts were toward benefiting our people rather than dominating and trampling other peoples under foot.

You have fought in every field of action. Your men fought bravely against overwhelming odds at Hong Kong. They took part gallantly and brilliantly in the commando raids, particularly at Dieppe. They took a share, too, in the hazardous and dangerous landings in Sicily and Italy, and the other day they again covered themselves with glory, being among the foremost fighters for freedom in the landings in Normandy.

I am not going to deal with your amazing industrial contribution—and I underline the word "amazing", for the development of your munitions industry, your factories and your shipbuilding is indeed a surprising and gratifying story and something beyond what your most sanguine citizens had a right to expect. I might mention, too, your contribution on the seas, and your help in convoying ships of the united nations, including New Zealand ships carrying New Zealand food. Again, your acceptance and your carrying out of the air training scheme, with all its complexities and perplexities—all these services to our cause have placed the rest of us under a debt of gratitude to your dominion, a debt which we gladly recognize. Canada can say, equally with the United Kingdom and with other countries of the British dominions, that she has given to the limit of her resources. No more can be done.

One word of gratitude for the hospitality extended to our New Zealand boys, of whom such generous recognition was made only a few moments ago. We are very proud of them. I knew we had every right to be proud of them when, the other day, I saw them in our division in Italy, right from the base camps up to the firing line where our Maori battalion, composed of representatives of one of the finest races on earth, was fighting and leading the attack against the enemy at Atina and Sora. I saw that division working; I saw its efficiency, its smoothness, its good spirit. Its spirit was democratic, too, for every officer in that division had come up through the ranks. It has been a most successful experiment in democracy.

It is a splendid fighting division—as no doubt your divisions are also; indeed we know their qualities—but we realize that our divisions to be first class must also be efficient business concerns. There is the feeding of the men, the organization, the huge transport of a modern force; all these require business capacities as well as soldierly qualities. They require efficiency and acumen as well as courage. I was proud to see the New Zealand lads assume their responsibility and carry on so well. I have seen these lads, as no doubt you have seen your own in the army, the air force and the navy, rise to great responsibilities and carry on steadfastly and efficiently.

It is mainly because of the widespread capacity to take advantage of democratic opportunities, educational and otherwise, that our boys have done so well. As was stated by Mr. Mackenzie King, the boys of our army, our air force and our navy have been fighting wherever there is fighting to be done. Our boys were in the desert, in Greece and in Crete. They fought in that terrible fight, which was one of the worst experiences that could be undergone, the battle of Sidi Rezegh. They were there when Rommel was sweeping everything before him to the very gates of Egypt. Our men made a record journey from Syria down to Mersa Matruh. I well remember a letter to me from General Freyberg in which he said he was going up on to the

escarpment the next morning, that his division was going up "to meet Rommel head on." They did, and they held on for two days. They held Rommel and his army back and the 8th army was able to re-form at Alamein, part of it in trenches dug by the New Zealanders months before. We are proud of what the New Zealand troops did at Alamein; we are proud of the contribution they made to saving the Middle East. We are proud of their subsequent sweep, along with the rest of the British and Dominion forces, right through to Tunis.

We are glad that to-day New Zealand troops are fighting side by side with your boys in Italy. I saw some of your lads there, and I saw others in the United Kingdom before the invasion. I saw your second-in-command in Italy, General Burns, and I was much impressed by his ability, his grasp of the military situation, just as I was impressed by General Alexander and all those who have contributed to the successes there.

Mr. Mackenzie King will agree with me when I say that a splendid opportunity was afforded to us when we visited the United Kingdom recently and met at the Prime Ministers' conference to study the strategy of the United Nations. He will agree that we saw preparations for the invasion that exceeded anything we ever dreamed of. The advance already made has gone beyond my most sanguine anticipation. It was a splendid thing to see Eisenhower and Montgomery, Portal and Tedder, Cunningham and Brooke and all the other United States and British officers working together just as though they had all come from the same country. Never has there been such complete cooperation as in this command, which is destined not only to achieve victory in Normandy but to defeat Germany.

I am not going to prophesy, but things may happen that will bring victory quicker than we anticipate. Be it soon or be it delayed—it cannot be long delayed—victory is certain. We have been told enough of the plans of the combined general staffs to know that after Germany is accounted for, after the Russians come in again with their sweeping advances from the east and our united forces come in from the west; after the people of France rise; after Germany has been swept back into her own territory and then swept out of it—then the general staffs in Washington and London will give to Japan a larger measure of attention than already has been very effectively and efficiently directed to her.

Japan also is being swept back. When the time comes to direct all our forces against her, we expect Mr. Mackenzie King will come down to New Zealand and Australia, along with Mr. Churchill and the other leaders, to see for themselves what has been done there, and help to complete plans for the final blow.

Just a word about the future. We are fighting for great principles, and we can testify that those principles have not been dimmed, nor has the spirit of the people diminished. We hear a lot about Great Britain just now, about the flying bombs, the pilotless planes. We cannot underestimate these, or treat them too lightly. But the people of Britain under this new affliction are standing as they stood at Dunkirk, when their shores were open to invasion, and when the words of Mr. Churchill, ringing out not only through Britain but through the world, raised an echo in every heart that beat for freedom, when he said they would fight on the shores, on the streets, on the hills and in the valleys. That spirit is still there. After four and a half—it is getting on to five years of war, the British people are still unflinching. That can be said of all of them from their Majesties the King and Queen, who have stood constantly in the forefront in a manner which has shown that they are truly associated with their people, right down through all walks of life. That spirit is still unbroken, still undimmed; it is destined to endure. The British people feel as they did when their armies were miraculously delivered from France. They will be able to face up equally well to any new inflictions. Even if many may be killed, even if many may be injured, even if many homes may be destroyed, there is no trembling, no going back. There is nothing but courage unsurpassed, a courage rising to heights that have never been exceeded.

The sacrifices made by our men and women on land, in the air and on the sea, and in their homes when these have been attacked, as in Britain, must not—I speak most seriously and earnestly—be in vain. We are fighting first for the principles set forth in the various declarations of the united nations, and, secondly, for the principles set forth in the Atlantic charter. We went to war, not for Poland alone, but Poland was the occasion. We had seen Manchuria turned into the puppet kingdom of Manchukuo; we had seen Abyssinia trampled under foot; we had seen Austria go next; we had seen the Rhineland taken, and Czechoslovakia overwhelmed. We knew there had to be a stopping place; otherwise, the world would be given over to tyranny, bloodshed and cruelty. The stand was taken. The principles then enunciated have been stated in my hearing and that of your Prime Minister time and time again

during our conferences. They are these: The United Kingdom and the British dominions are not out for aggrandizement or territory, not out to conquer or dominate anybody whatsoever. They are out to free mankind, and that means the nations that have fought beside us. I would refer particularly to France. There were many Frenchmen who pinned their faith to the cross of Lorraine and did not bow the knee in the house of Mammon. We have had our own New Zealanders escaping from Italy, through Switzerland, and then through France to Spain. French men and women in all walks of life risked their lives cheerfully and willingly to aid them, even against the protests of those whom they were succoring and helping to escape. The people who have shown that spirit will rise triumphant and their country will once more become a great leader among the nations and a great repository of human freedom.

These nations, according to the declarations of the leading united nations, must be fully restored, and their territories must be given back wherever they may be; because unless our word is carried out, the very foundation of faith will shake and fall, and there will be no resting place for honour in the world. France will be restored, as will Poland, Belgium, Holland, Norway, Yugoslavia, Czechoslovakia and Greece, and their overseas territories.

I pause for a moment to thank the government and the people of Canada for the help they sent to the starving people of Greece and Crete, for the wheat they have sent over there by the thousands of tons, and for the assistance in other respects that they are continuing to give. I would tender my own and my country's appreciation of the splendid offer of assistance that came from here when millions of people in Bengal were sickening to death through the famine. Our friends in Australia also assisted, as we did according to our capacity. These are gestures, deeds, actions that will cement the world and bring us into greater friendship and comradeship to face the problems of the future.

The principles of the Atlantic charter are not platitudes, nor meant to be platitudes. They are principles that must be honoured because thousands have died for them. Your boys, boys of New Zealand, South Africa, India, the United States and all the united nations, have given their lives that the four freedoms—freedom of speech, freedom of religion, freedom from fear and freedom from want—may be established and the masses of the people given greater opportunities than ever before. Unless we strive to carry out those principles we shall be undoing in peace what has been won on the battlefield.

I heard it said many years ago that there were two kinds of enemies of progress: those who stood still and looked backward, and those who looked forward and stood still. After the last war, promises were made in various countries—I am not singling out any country or people or government; I am stating a fact—promises were made, and made in good faith. They were made because it was believed, even by those who made them, that they would be carried out. But the years came and the years went, and instead of the promises being fulfilled, we had an overwhelming sense of impossibility, the overpowering feeling that they could not be fulfilled. So, instead of enthusiasm on the part of the masses, particularly on the part of the young people who with their generous hearts, having fought the war, wanted to reach out to a better future, we have had cynicism, disappointment and despair. We must give faith to our young people. We must tell them that as they have fought, and as they will win the war, so must they take their place and help to garner the fruits of victory for all the peoples of the world. If that is not done people will say cynically: "These promises were all right when the war was on, but you cannot do anything about it now." If these promises are not fulfilled, there can be no doubt that the forces of despair will develop into reaction; once more the ground will be ripe for the seeds of nazism and fascism, and democracy's final chance will be gone.

Conferences are being held to help the world towards a better day—conferences on commercial questions, on monetary and financial questions; on production of food, conferences that do credit to the good heart of the democracies; conferences to rehabilitate the nations that have been trampled under foot by Germany, Italy and Japan. These are excellent, and I have no doubt that the requirements, in particular the necessities, of all the respective countries, will be considered and allowance made for them. But unless the mass of the people feel that in return for their efforts on land, on sea and in the air, in the workshops and on the farms, on the docks and in the mines, the vision of a new world is a reality, that the leaders of nations were in earnest when they preached fundamental democracy, not only political democracy but educational, economic and social democracy, then I say there is a black outlook for the world.

But there is no reason why the outlook should be black. The British nations are

more solidified to-day, as they are more determined and more enthusiastic for democracy, than ever before. Here is a paradox which the world outside the British commonwealth finds it difficult to understand, the paradox that the freer we become the closer we are together; the more our constitutional bonds are relaxed the more closely we are held in bonds of friendship; the greater the extent to which government sovereignty is extended to the various parts of the British commonwealth and empire the more truly one we are in sentiment, in heart and spirit—one in peace as well as in war.

That is something which the nations do not understand. The British peoples—and when I say the British peoples I mean all the races under the British flag—have responded to the principles of self-government and of trust and friendship extended by the mother country, and have raised with their sons, around the mother country, a wall of fire, and have forged bonds as light as air, though as strong as steel, bonds that are stronger now than ever before. A fortnight ago I was with a friend in the north of Scotland. He pointed out to me a certain fort, and said there were one or two of the kind in Scotland. There is no cement, no lime, no concrete in the construction of that fort. It is built of vitrified stones, the residue of a huge bonfire whose heat was so great that it melted the stones and united them into a solid mass. Well, my thoughts turned from that to our commonwealth. In the fires of war, in the trials, the tribulations and the dangers of war, we have been welded together so that we are stronger than ever. We want to extend that sense of solidarity, that sense of security to the other nations.

I am going to mention only one country. I devoutly hope, from the bottom of my heart, that India will see through all the senses of injury or wrong of the past, through all the mists of prejudice of one kind or another, to the fact that there is no greater freedom can be attained than that of a sovereign state in the British commonwealth. We all should like to welcome India in as one of ourselves, for she also is rendering a great service to humanity.

In conclusion, I would say that at this moment conditions are different from those that prevailed when I visited here in 1941. Then all was black except for the light of faith in the eyes and hearts of the British people, not only in the United Kingdom but everywhere. They are different again from when I came here in 1942, nearly two years ago. For then the United States had come in, and we were just beginning to ascend the ladder of victory. To-day we have the enemy on the run. He will stand and fight bravely and unscrupulously, and he will make use of all the diabolical weapons that the ingenuity of the human mind can bring into existence. But it will all be in vain. All the powers of hell cannot prevail against those who believe that they are fighting the battle of righteousness, of truth, of justice and of freedom, and are determined that the new world shall be a new world in truth and in deed, as well as in spirit, and that we all shall go forward—you in Canada, we in New Zealand, the people of the motherland, and the people of all the British dominions—marching shoulder to shoulder in war time, prepared to march shoulder to shoulder afterwards toward that new world that will be a new Jerusalem.

Mr. MACKENZIE KING: I will ask Their Honours the Speaker of the Senate and the Speaker of the House of Commons to express our thanks to the Prime Minister of New Zealand for the deeply moving address to which we have just been privileged to listen.

Honourable Senator THOMAS VIEN (Speaker of the Senate) (Translation): May it please your Royal Highness, Mr. Prime Minister of New Zealand, I am very happy to offer you in my mother tongue, one of the two official languages of this country, the heartfelt and sincere thanks of the Senate, of the House of Commons and of the people of Canada, whom you have honoured to-day by your presence and by the moving address you have just delivered.

In the Old World, Celts and Gauls take pride in their common ancestry, in their close affinity of mind and temperament. Was there not once a celebrated woman who was at the same time Queen of Scotland and Queen of France?

In Canada, after the Battle of the Plains of Abraham, the Fraser Highlanders Regiment was demobilized and a number of Frasers settled in this country. One of them gave his name to Fraserville, a lovely little town on the shores of the lower St. Lawrence. In British Columbia, the Fraser valley, one of our most fertile plains, is watered by a river which bears your name. All of which illustrates, Mr. Prime Minister, that the name which you have made famous in the south Pacific is known and honoured everywhere in Canada.

In our geography textbooks, we first learned of the two islands which comprise your country and of the tremendous distances separating it from our own. But current history soon taught us that New Zealand, often called the "Britain of the South Seas," although established barely a century ago, is already re-

nowned throughout the world for the volume of her external trade, for the liberal and progressive character of her social legislation, for the heroism her men have shown on every battlefield during two world wars, and for her magnificent contribution to the United Nations' effort.

We know also the part you have played personally in these great achievements, and therefore, feel a deep satisfaction in thanking you for having visited our land and inspired us by your eloquent message.

You may tell your people that we are determined to fight by their side to the end, until the triumph of right over might is secured. With you we pray God to bless our armed forces and to grant us promptly a decisive victory and a durable peace.

(Text):

Hon. JAMES ALLISON GLEN (Speaker of the House of Commons): Your Royal Highness, Mr. Prime Minister, to-day we welcome on the floor of the Canadian House of Commons one of the Prime Ministers of a great fraternity which we call the Commonwealth of British Nations, in the person of the Right Honourable Peter Fraser, Prime Minister of New Zealand.

The bearer of such a name is always assured of a welcome in Canada; for within our land we treasure the Fraser river—discovered probably by one of his ancestors, certainly by one of the clan—whose rugged shores and tumbling waters will remind our guest of the rivers and streams of his own native Ross-shire.

In the incidents of life the course of one's career is directed by powers beyond one's control, and you, sir, might have become a citizen of Canada when you left your native land in 1910. But we do not begrudge your choice, for what we in Canada lost, New Zealand gained, and I think you will agree with me it is well that all countries should have a leaven of Scots in their midst. This little expression of insular pride will, I hope, be forgiven me. Speaking to a brother Scot, at our own fireside, I cannot refrain from a personal touch, and I am sure it will not destroy that self-effacing modesty so characteristic of our race.

Sir, it is one of the glories of the common heritage of New Zealand and Canada that in our House of Commons you can, in expressive language, voice with receptive understanding those ideas and principles which you set forth so clearly in London, the seat of the commonwealth and empire, during the recent conference of the British Prime Ministers. Your position there, as here, and your qualities so universally recognized in New Zealand, have received the acclaim of the empire, and Canada takes this opportune moment to congratulate you, and through you New Zealand, on the magnificent contribution which your men and women have made in this war.

We have not had that intimate association with your army we would desire, but we do know of their exploits in every theatre of war, and it must never be forgotten that in that moment of extreme peril to our nations, when the daring and heroic adventure to save Greece was determined upon, New Zealand troops fired the first shot in the conflict—a glorious page in your country's history.

But if we know not your army intimately, we do know your airmen. That they are typical of your countrymen we have no doubt; and I can say to you, sir, with, I hope, convincing sincerity, that their conduct while in this country and their achievements overseas make us proud to call them kinsmen.

We are delighted to have you with us. We thank you for your address, and I wish you would convey to your country the assurance that Canada's door will always be on the latch to you and all your colleagues and citizens. I urge you, do not stay away too long. In the happier days which we now envisage as being so near, let us in Canada, and you in New Zealand, demonstrate to the world that "though mountains divide us, and the waste of seas", we are bound by ties which nothing can break.

The proceedings were concluded by the singing of God Save the King.

Monday, July 3, 1944

The house met at three o'clock.

DOMINION DAY

MESSAGES OF GREETINGS AND GOOD WISHES ON THE OCCASION OF THE 77TH ANNIVERSARY OF CONFEDERATION

Hon. T. A. CRERAR (Acting Leader of the Government): The Prime Minister (Mr. Mackenzie King) received a number of messages from other governments on the occasion of the seventy-seventh anniversary of confederation. As they conveyed greetings and good wishes to the people of Canada, I should like at this time to give to hon. members the substance of the messages.

In the message from the President of the United States, Mr. Roosevelt said:

No nation is nearer to us and with none have relations been more cordial. The friendship of years of peace has been deepened and strengthened by years of brotherhood in warfare for the common defence and for the maintenance of those simple freedoms by which our

peoples have lived. Victory is still to be attained but we can soberly say that it is in sight and I know the peoples of the United States and Canada will join their efforts in laying the foundations of a just peace as they have joined their sacrifices in defending common civilization.

The message from the Prime Minister of Australia, Right Honourable John Curtin, reads as follows:

On behalf of the government and people of Australia I desire to express our sincere good wishes on this the seventy-seventh anniversary of Canada's birth as a nation.

This war has brought Australia and Canada closer together than ever before. The many thousands of our young men who have gone to Canada for training under the empire air training scheme have cemented the personal link binding our two peoples. The kindness and hospitality with which you have received them is widely known and will ever be remembered in many thousands of Australian homes.

Not less do we appreciate material assistance which Canada has given us under the mutual aid system. The large quantities of military supplies and equipment of all kinds which Australia has now received from Canada has been of inestimable value in our war effort.

This year on Dominion Day your thoughts will be with the thousands of young Canadians who are acquitting themselves so gallantly in Normandy. The magnificent war effort of Canada is a source of pride to all those who have been associated with her in this long struggle for freedom.

The people of Australia send you their cordial greetings and their sincere good wishes for Canada's future happiness and prosperity.

Generalissimo Chiang Kai-shek sent the congratulations and best wishes of all China. His message continued:

The important part you have been playing in furtherance of our common cause has filled the heart of every Chinese with the deepest admiration. As a result of the decisive victories won by the allied forces on all fronts the days of our enemies are numbered and I am confident that when the war is over our two countries in cooperation with the other united nations will succeed in building a better world order.

The message from the Commissioner for Foreign Affairs of the French Committee for National Liberation reads in part:

In these glorious days, when a decisive battle against our common enemy is under way in which Canadian troops are heroically shedding their blood for the liberation of France, the French nation expresses its most sincere wishes for a great and prosperous Canada.

Messages from the Prime Ministers of Belgium, Czechoslovakia and Poland all referred to the part Canada's armed forces are taking in the liberation of Europe.

Messages of greetings and good will were also received from the President of Haiti, and the foreign ministers of Mexico, Brazil and Chile, as well as from representatives in Canada of other governments.

STANDING ORDERS

CONCURRENCE IN SECOND AND THIRD REPORTS OF STANDING COMMITTEE

Mr. W. H. GOLDING (Huron-Perth) moved:

That the second and third reports of the standing committee on standing orders, presented to the house on June 29, be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

NEW BRUNSWICK DEHYDRATING PLANTS

Mr. BROOKS:

1. What assistance was given to dehydrating plants in the province of New Brunswick; giving name of person or company assisted, and value of assistance to each, (a) machinery and equipment; (b) development?
2. Was rent paid in any case for machinery or equipment?
3. Has any machinery or equipment been sold or offered for sale to any person or company? If so, at what percentage of cost price?

Mr. GARDINER:

1. Loan of special machinery and equipment to: Pirie Potato Products Limited, $12,003.69; New Brunswick Potato Products Limited, $16,182.48.
2. No.
3. No machinery or equipment has been sold. An offer was made for the sale of machinery and equipment, but this offer was withdrawn when the Crown Assets Corporation was established as the official government agency for the disposal of crown assets.

JOHN C. NICHOLSON

Mr. BLACK (Cumberland):

1. Was Mr. John C. Nicholson employed by the government for rehabilitation or other special work in the maritimes?
2. If so, what are his duties?
3. When was he employed?
4. What salary does he receive?
5. What have been his expenses to date at, (a) the Lord Nelson hotel; (b) additional expenses; (c) total expenses and salary?

Mr. MITCHELL:

1. Engaged as investigator—National Selective Service.
2. Chairman of the mobilization survey committee, under whose direction all industrial surveys are screened for man-power supply.
3. January 17, 1944.
4. $3,000 per annum.
5. (a) $631.39—January 17 to May 31, 1944. (b) $310.83—January 17 to May 31, 1944.

(c) Salary $1,120.97; total expenses $942.22. Grand total $2,063.19—January 17 to May 31, 1944.

FLAX PROCESSING PLANTS

Mr. BENCE:

1. How many bushels of flax for linseed oil and oil cake purposes were produced in Canada in 1943?

2. What is the anticipated production of such flax in 1944?

3. What flax processing plants were in operation in 1943, where is each located, and who is the owner of each?

4. What flax processing plants were constructed in Canada in 1943, where are such plants located, and who is the owner of each?

5. What flax processing plants have been constructed in Canada in 1944, where are such plants situated, and who is the owner of each?

6. What flax processing plants are under construction in Canada at the present time, where are such plants situated, and who is the owner of each?

7. What is the total flax crushing capacity in Canada at the present time?

8. What is the total anticipated flax crushing capacity in Canada in 1945?

Mr. ILSLEY:

1. Approximately 17,900,000 bushels.

2. Acreage intentions in 1944 are reported at 2,069,600 acres.

3. Dominion Linseed Oil Co., Limited; plants at Baden, Ontario; Montreal, Que.; St. Boniface, Man.; Canada Linseed Oil Mills Limited; plants at Toronto, Ont.; Montreal, Que.; Sherwin-Williams Co. of Canada, Limited; plants at Montreal, Que.; Winnipeg, Man.; Toronto Elevators Limited; plant at Toronto, Ont.; W. R. Carpenter (Canada), Limited; plants at Hamilton, Ont.; Vancouver, B.C.; Alberta Linseed Oil Mills Limited; plant at Medicine Hat, Alta.

4. W. R. Carpenter (Canada) Limited Hamilton, Ont.

5. No plant has been constructed in Canada in 1944.

6. Two plants are under construction in Canada at the present time but neither of them will be exclusively operated for flaxseed. The plants in question are: Victory Mills Limited, Toronto; and Prairie Vegetable Oils Limited, Moose Jaw, Saskatchewan. These plants will be operated by means of expellers and/or solvent extraction and will, therefore, be versatile and may process any vegetable oil-bearing material whatsoever.

7. The total flax crushing capacity in Canada including capacity which is interchangeable for other oil-bearing material is estimated at approximately the equivalent of 6·4 million bushels.

[Mr. Mitchell.]

8. The estimated crushing capacity for all vegetable oil-bearing materials will probably amount to 7·7 to 8·2 million bushels. It is impossible to say just what percentage of this capacity will be utilized for flax crushing purposes.

MOTIONS FOR PAPERS

MOBILIZATION ACT—LAVAL-TWO MOUNTAINS—DIVISION E MONTREAL

Mr. LACOMBE:

For a copy of all correspondence, telegrams and other documents in the possession of the department concerning the following recruits from the county of Laval-Two Mountains (division E, Montreal), who were called under the provisions of the mobilization act:—Berchmans Laurin, Anatole Lauzon, Lorenzo Gauthier, Jean-Paul Lauzon, son of Oscar Lauzon, Maurice Glindon, of Oka, county of Two Mountains, and Jacques Lalonde, Yves Lavoie, Cyrille Lepage, of Cap St. Martin, county of Laval.

Mr. MITCHELL: The hon. member for Laval-Two Mountains has a copy of the files, and I would recommend that this motion be dropped from the order paper.

Motion dropped.

ARMY RECRUITING—PACIFIC COMMAND

Mr. GREEN:

For a copy of all reports on army recruiting received from the Pacific command during the period from the first day of April, 1944, to date.

Mr. RALSTON: Mr. Speaker, the documents asked for in this order are confidential and are not those usually producible. I submit for that reason the motion should be dropped.

Mr. SPEAKER: Dropped.

Mr. GREEN: These are reports dealing with recruiting. We get reports in the house from time to time with respect to recruiting, and I say they do not come in that category at all. I am not willing to have the motion dropped.

Mr. RALSTON: Yes, we get reports in the house, but from a minister; the hon. member does not get reports from officials. The reports asked for here are reports from officials of the department, which from time immemorial have been regarded as confidential. I submit the motion should be dropped.

Motion dropped.

LABOUR RELATIONS BOARD—CHIEF INVESTIGATOR, INSPECTION STAFF

Mr. KNOWLES:

For a copy of all correspondence in the possession of the Department of Labour and the wartime labour relations board, dated since

March 1, 1944, relating to the appointment of Mr. James Leslie as a chief investigator for the inspection staff of the wartime labour relations board, including a copy of all correspondence with trade union organizations relating to the said appointment.

MONETARY CONFERENCE

INQUIRY AS TO CANADA'S REPRESENTATIVE

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I should like to ask a question of the Minister of Finance arising out of a report respecting representation of the United States and Canada respectively at the united nations monetary and financial conference. I wish first to make my protest, and then shall ask the minister a question.

The delegation from Canada, apart from the cabinet delegates, the departmental and technical experts who normally go to conferences of the kind, included two admirable and highly esteemed members of the house, the hon. member for Rosthern (Mr. Tucker) and the hon. member for Compton (Mr. Blanchette). I should not like any one in the house or outside of it to feel that I raise this question because of my views respecting the qualifications of these two hon. members. This matter might have passed unnoticed had it not been for the fact that while Canada sent two private members and supporters of the government, and no supporter from any other party was either invited or allowed to attend, the situation in the United States was entirely the reverse. This will be borne out by the following quotation from the *Wall Street Journal* of June 30, 1944, which in one paragraph states:

> The congressional delegation consists of the Chairmen (Democrats) and ranking minority (Republicans) members of the senate and house banking committees. Senate representatives are Messrs. Wagner of New York, a Democrat, and Tobey of New Hampshire, a Republican.

The article goes on to speak about the qualifications of these men. Then it says:

> The house members are representative Spence, a Democrat of Kentucky, and representative Wolcott of Michigan, a Republican.

In drawing this situation to the attention of the government I protest against the government's failure to include in the delegation representatives of other political thought, as was done in respect of the United States delegation. Someone has suggested that the government might have chosen the hon. member for Parry Sound (Mr. Slaght) and the hon. member for Vancouver-Burrard (Mr. McGeer)—but I did not rise specially to advocate that. I am advocating, however, that the government should have proceeded as the United States did in the selection of their delegates.

I do not raise this question from the merely party political point of view. But I do think, if I may say so, that the next government in Canada, which we believe will be our party, should have had representation at the conference as well as the party at present in office. Will the minister tell the house why this was not done?

Hon. J. L. ILSLEY (Minister of Finance): I do not think it occurred to anybody, when selecting a delegation from among members of parliament, to select delegates from any but the government party.

Mr. HANSON (York-Sunbury): Why?

Mr. ILSLEY: I understand there is no precedent for it in respect of similar conferences.

Mr. HANSON (York-Sunbury): The United States did it.

Mr. ILSLEY: I am talking about Canadian precedents. An entirely different system obtains in the United States of America. This government will have to decide toward the close of the conference what its position will be, and will have to do so on the advice of its delegation. If a representative were taken from the Progressive Conservative party, then it seems to me the Cooperative Commonwealth Federation party would have a fairly good claim to have their school of thought represented, as would also the Social Credit party.

Mr. HANSELL: Hear, hear.

Mr. ILSLEY: I beg the hon' gentleman's pardon?

Mr. HANSELL: Hear, hear, I say.

Mr. ILSLEY: If the Social Credit party had been asked to nominate a member he would have gone according to the statement of the Premier of Alberta, with one view in mind, and that would have been to prevent the conference from obtaining its objective. It had been known for a long time that this conference was to be held, and if the matter had been brought up in the house we certainly could have given it consideration. Other matters of this kind are brought up in the house from time to time, and I do not think it ever occurred to the house leader of the Progressive Conservative party—

Mr. GRAYDON: May I answer that? The reason it did not occur to us at the beginning was that we were unaware there was to be a representation from the House of Commons. At least I did not know of it.

Mr. ILSLEY: That perhaps is an answer, but certainly there was no great interest taken in the representation by any of the opposition parties.

Mr. HANSON (York-Sunbury): We have been frozen out so often it is hardly worth while.

Mr. ILSLEY: I think if I were to put the question to the leader of the opposition, whether he thought it would be advisable—I do not think it could be done, because the official list of delegates was given out weeks ago—whether he thought it would be helpful and make for the success of the conference to have representatives of all the parties in this house at the conference—

Mr. GRAYDON: I did not say that. I only suggested our members as representing the next government.

Mr. MAYBANK: May I make this point with reference to the proposal?

Some hon. MEMBERS: Order.

Mr. MAYBANK: I do not want to impose my views, but I thought probably the gentleman who has spoken would welcome my remarks. I think the government is in some difficulty in choosing a person to represent the next government, supposing it be not the same as this government, because—

Some hon. MEMBERS: Order.

Mr. MAYBANK: —no one would have suggested sending a non-member of parliament, and to get a representative of the Conservative party would mean the government would have to go outside and secure their travelling salesman, Mr. Bracken.

Mr. ILSLEY: I had no knowledge before Friday of last week that the representatives from the United States were to be selected from both Democratic and Republican parties.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Friday, June 30, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the proposed amendment thereto of Mr. Rowe.

Hon. R. B. HANSON (York-Sunbury): Mr. Speaker, I desire this afternoon to speak briefly on the budget, but before doing so I wish to make a few preliminary remarks arising out of a reflection on this party made by the hon. member for Rosetown-Biggar (Mr. Coldwell) in the early part of his remarks on Thursday afternoon last, no doubt occasioned by the reflection cast upon his group in the remarks of the hon. member for Dufferin-Simcoe (Mr. Rowe). On that occasion the hon. member for Rosetown-Biggar stated that the nearest approach this country had ever come to revolution was under the Tory party between 1930 and 1935. That was an insult to a great government. It was intended to cast a slur upon the late government; it was intended as an appeal to prejudice. I resent the implication of that statement.

May I say that with respect to appeals to prejudice the hon. member and his group are rapidly becoming past masters. I assert with every degree of confidence that when an impartial history of that dark period between 1930 and 1935 is written, when conditions existed which were not created by the government of the day, it will be shown that the only gesture toward revolution was a manufactured gesture fomented by the communistic and socialistic elements in Canada. That movement, if there was such a movement, was led by the Tim Buck's, the Harold Winch's and others like them. These same people are knocking at the door of the socialist party here in this house and they will soon be in charge. Let me say to the hon. gentleman that while I would not for a moment accuse him personally of preaching revolution or of being a revolutionist, he and his predecessors in office have been encouraging those in this country who preach revolution. He and those around him have started forces which they cannot control. Revolution is a nasty word. Revolution plus force means treason.

I desire now to revert to the consideration of the budget.

In the course of the past twenty-three years I have listened to no less than nineteen budget addresses, delivered by no less than seven different ministers of finance. I recall the clarity of the budgets of Mr. Fielding and the admiration I always felt for his annual budget and the delivery of his annual budget address. I can honestly say that apart from the magnitude of the figures, the colossal and staggering increase in the national debt, and the announcement of contemplated increased expenditures on both war account and peacetime activity, I have never listened to a drabber budget speech than that which my hon. friend, the Minister of Finance, delivered in this house this day week. There were no flashing highlights, no spectacular announcements, nothing to make the blood run more

quickly through one's veins; there was nothing to stir the imagination, no sparks and no thrills—you pay your taxes and you take your choice.

If by any stretch of the imagination one could call one feature of the address a highlight, it was that part of it in which the minister, by implication or tacit admission, indicated that the ministry was departing from the oft-avowed policy of the government to pay for the war as you go, as far as possible out of current taxation, and announced a policy of increased borrowing to make up the difference. I suggest to you, Mr. Speaker, and to the membership of this house, that that is in marked contrast with the pronouncements of ministers of finance since the first war session of 1939, with respect to a policy which I supported at that time and continued to support down through the years. It indicates a change of front, a change of policy, dictated not by any inherent defect in the policy itself, but by a reversion to political expediency, a manoeuvre that has always characterized hon. gentlemen opposite on the eve of an election.

What is the essence of this budget? It is certain now that the essence of this budget is that substantial increased borrowings are to be relied on to absorb a substantial and marked increase in the war appropriation and in peace-time expenditures. Along that path lies inflation, and no one knows it better than the minister. What has become of the policy of controlling inflation? Has the lid been kicked right off? If not, it is pretty near all the way off. I venture to suggest that the minister and those advising him are fearful of the results of this budget. And so I assert with every degree of certainty that such a position is a marked departure from previous policy and is motivated by a desire to appease the electorate by throwing out a crumb here and a crumb there, all of which is doomed to failure at the hands of an outraged electorate, and nobody knows it better than the members on the government benches themselves. They hear it from their own followers; they read it in the daily newspapers; they hear the echoes down through the thousands of miles that extend from Vancouver to Sydney.

We are to raise by taxation and borrowing six billions of dollars, and at the same time we are warned of a loss of income tax revenue to the tune of a hundred million dollars, not to speak of other possible losses, such as, for instance, the millions of dollars withdrawn by the socialization of business, such as the Montreal Light, Heat and Power Company expropriation. We are told that we must borrow at least $320 million more than we did last year because the cash deficit will be that much greater.

The income loss suggested by the minister is found in the budget resolution which provides that after June 30 there will be no more compulsory savings for individuals. The system was set up two years ago with a twofold purpose—to take purchasing power from the people and thus prevent inflation, and to add to war revenue. I am bound to say in all honesty that at the time that policy was introduced I supported the principle of compulsory savings, although I did not support all the provisions under which the policy was being worked out. Whatever may have been said as to the soundness of the principle, as to its necessity—and it was largely based on necessity—and as to its efficacy, it is now certain that it never was well received by the public. Personally I rather regret that. It was not received well by the public because it bore too hardly on those in the lower income tax groups who had not perhaps the means of substituting insurance premiums or mortgages payments and had less ability to pay. It bore less hardly on those in the higher income brackets, who, while they may have had the ability to pay, also had readily at hand the means of evading the payment of compulsory savings by way of substituting life insurance premiums and mortgage payments under the law as it has obtained to date. All these conditions were well known to the public, and certainly they were well known to the minister when he brought down his proposals two years ago. Now at this last and dark hour confronting the administration a change of heart takes place—not necessarily a change of conviction; because I believe that the minister was convinced two years ago that the policy was right, and that he is so convinced now. The change is based once more on political expediency, a policy so often resorted to by hon. gentlemen opposite. Vain hope! It is too late. The damage is done in the minds of the public. The resentment against enforced savings, withholdings from payrolls already diminished by numerous levies such as subscriptions for war savings certificates, victory bond purchases on a monthly payroll payment plan, contributions to unemployment insurance, enforced deductions for income tax collected at the source, and I was going to say a dozen other like deductions from the workers' pay cheques, rankled in the minds of the wage-earners in the lower income tax groups, and they are not likely to be appeased by an eleventh hour conversion. This party warned the govern-

ment at the time the exemptions were reduced to the low level at which they stood recently that they had been reduced to too low levels. Time has proven that we were right.

Especially are the lower bracket wage-earners not to be appeased by this gesture, because it is indicated as clear as daylight itself that the deficiencies created by this gesture of appeasement were accompanied by the announcement that more money must come from the same source in the form of larger and larger so-called subscriptions to victory bonds and war savings certificate campaigns, and presumably by the same strong-arm method that has characterized the administration with respect to inducing men in the home army to enlist in the active army.

We are now in the sixth year of the war. While the end is not in sight, we are all hopeful that victory will soon be ours. I desire now to draw the attention of the house to what I consider to be a glaring omission from the budget, and that is the failure of the minister to indicate in even the slightest degree to business and industry and to the workers in business and industry, and by the same token to agriculture, what is to be the taxation policy of this nation in the post-war world. I know that the minister will say immediately that no government can announce in advance what the fiscal policy of a succeeding government is to be—and there is bound to be a new administration succeeding this one at no distant day. But this government could announce at this time that the tendency of post-war taxation should be downward. That should be the aim of every one of us; because if there is one thing more than another that is causing anxiety to business and industrial executives and to the wage-earners and to the workers and to agriculture, it is this uncertainty, this lack of information or even intimation as to what level of tax structure this country is to have in the post-war period. I say this with confidence, that until the principles, and I go further and say that until the quantum, of post-war taxation are considered and the country is informed what they are to be, business enterprise in this country, while willing and anxious to do so, will be unable to formulate plans for full employment. That full employment must come from private industry, no matter what theories we may hear advanced across this floor. It will come without question from private industry if tax policies are suggested now under which capital may devote itself to new construction, reconditioning, deferred maintenance, and the capital cost of change-over from war production to peace-time activity, in an intelligent and capable manner, and designed to give that full employment which we all so devotedly desire. With corporation taxes as high as they are, and with no suggestion made or indication given as to what tax policy is to prevail henceforth, it is impossible, I assert, for industry to plan for the future.

I hear this on every hand, and I have no doubt that the government has heard of it. With excess profits taxed at 100 per cent, no company, no industry, can increase its working capital to take care of its post-war requirements. This expenditure, so necessary, must come out of fresh capital investment—risk money, which will not be available until the risk is known and evaluated. I challenge anybody to contradict the soundness of that position. True, my hon. friend knows and we all know that at some time the refundable portion now collected from incorporated companies is to come back, but until this budget was presented that was in the dim and distant future, wholly unavailable until long after the close of hostilities, and then only piecemeal. Meantime the refundable portion has been an asset in name only. I happen to know that for a time it was not considered that this should be taken into account in the assets side of a company's balance sheet. There was much debate on that point; finally it was the consensus that it should be taken into account as an asset. If it was an asset, it was an asset in name only—frozen, inconvertible, of absolutely no use except to swell the figures in the balance sheet. Even under the proposed amendment it is little more than a frozen asset; it is not a liquid asset. I suggest that this has been and is a bad condition—bad for business, bad for employment, and bad for the country. There is no measure of relief for business in this budget.

But my hon. friend will say that there is encouragement and assistance to industry in the corporation tax amendments which he has announced, designed presumably to promote capital outlay for the purpose of post-war conversion. Let us examine that position.

The government has been made aware of the situation to which I have alluded, and I gather that reluctantly it has come to the conclusion that this situation should be eased. That is about all you can say about it. Two or three pseudo-remedies have been proposed by the minister. None of them will be particularly helpful; they will fall far short, I predict, of what is required.

What is proposed with regard to this refund? It is proposed that business firms may borrow, if anyone will lend them the money on that class of security, the refundable portion of the income and excess profits tax already paid, by way of assignment, upon which they will pay interest of five per cent, or four per cent, as the case may be, while the government allows them no interest. But it is to be done only in cases where in the opinion of the government it should be done. The government is to constitute itself the sole judge; the individual company, to whom the money belongs, has nothing to say about it; and the government has retained to itself the power to say whether the purpose of the assignment is to enable the taxpayer to make capital expenditures which will—again in the opinion of the government and at their whim and pleasure, without any measure of right on the part of the taxpayer—contribute to the post-war conversion of the taxpayer's business and provide substantial employment. All these conditions have to be fulfilled, and the government has to be convinced.

What a power that leaves in the hands of the Minister of Finance! This government is becoming an oligarchy. We have this session the amendments to the Transport Act and to the Aeronautics Act, and only now is business in this country beginning to wake up to the colossal powers which, under these measures, are being vested in one man. I suggest that the government ought to revise this type of policy, and not establish ministers as dictators —because that is what they are becoming. The minister is setting himself up as a dictator as to who will get his money back and who will not get his money back.

I suggest, sir, that lending institutions will not lend solely upon the security of an assignment of the refundable portion of taxes paid. Of course they will accept it as collateral; they will take as collateral anything they can get, but to say that any lending institution will lend solely upon the strength of an assignment of this refundable portion of taxes paid is just silly. The C.C.F. might. I do not know what they might do. They do not know themselves.

Mr. COLDWELL: Are you sure that the Tories do?

Mr. HANSON (York-Sunbury): I think we do. We always have had principles, and we have always lived up to them. That is more than some other people have done. If I wanted to go into that sort of thing I could recall what occurred in Saskatchewan the other day, when principles were put into storage for the duration of the election.

One reason why you will never get a lending institution to lend money on the sole security of this assignment is that the time of repayment would be too distant and too uncertain. Such an assignment would, I repeat, be acceptable only along with other collateral, and the character of the borrower.

But that is not my principal objection to the minister's proposal. This refundable portion is the taxpayer's own money, taken from him, if you will, by compulsion, but his own money, lent to the government.

Mr. McGEER: Without interest.

Mr. HANSON (York-Sunbury): Without interest. Some day, after a period of time, he will receive payment. Why should be be obliged to hypothecate his own money? In a bona fide case the government, if it wants to contribute to post-war conversion of a taxpayer's business and provide employment, should give the money back as a matter of right, not as a favour. That is what I object to. This money is going to be handed out as a favour to the taxpayer, and I suggest that fundamentally it is a matter of right to the taxpayer.

Mr. ROWE: His own money.

Mr. HANSON (York-Sunbury): Another pseudo-remedy is that suggested by section 31 of the resolution to amend the Income War Tax Act, which provides that one-half of expenditures on maintenance and repairs incurred by any taxpayer, in a period to be at the whim of the government, be regarded as deferred maintenance and repairs and to be deductible as an expense at the option of the taxpayer in certain periods. For that concession, many thanks. But it is too little. We all know what deferred maintenance is, and there is a tremendous lot of it piling up to-day because of high taxation. Ask any industrialist and he will tell you. Obsolescent and worn-out machinery that cannot be replaced—every industrial company to-day has an immense quantity of deferred maintenance, and the need of repairs is great, taxation being what it is. But I ask the minister, why an arbitrary one-half? If it is a good thing and they need the money, why not give full allowance for deferred maintenance? If the principle is good, then it should be applied according to the needs of the industrial establishment itself. Some people may want seventy-five per cent; others may want twenty-five per cent.

Mr. ILSLEY: Unless they pay half, there is virtually no check on the amount.

Mr. HANSON (York-Sunbury): That may be a mechanical or a taxation reason—

Mr. ILSLEY: It is not.

Mr. HANSON (York-Sunbury): —but that is viewing it from the point of view of departmental administration.

Mr. ILSLEY: No; it is not.

Mr. HANSON (York-Sunbury): It is not viewing it from the point of view of the needs of industry. The minister's interjection indicates to me that expediency in administration has dictated this arbitrary half, and nothing else.

Mr. ILSLEY: The hon. gentleman does not understand my interruption, but I will explain it later.

Mr. HANSON (York-Sunbury): I think I understand what is meant by the proposal.

Mr. ILSLEY: But not my interruption.

Mr. HANSON (York-Sunbury): However, I will wait and hear what the minister says. I am not surrounded by a group of braintrusters. They do not tell me what is in the backs of their heads, nor do they tell the public.

There is one thing that has exercised my mind ever since I heard about it, though some may not consider it a very important matter, and that is section 32 of the income tax resolution. I would like hon. gentlemen to listen to me, because the matter is important, as I see it. Prior to the budget of 1942 provision was made that corporations might deduct from income moneys paid by way of donations to charitable and educational organizations. I am interested in both charitable and educational institutions in Canada, which by the way are suffering because of high taxation. These corporations were allowed to donate up to ten per cent of their profits—

Mr. GIBSON: Five.

Mr. HANSON (York-Sunbury): Prior to 1942 it was ten per cent. If the minister will be good enough to follow me he will see that I am right, and we both mean the same thing. In 1942 the general limit of ten per cent was reduced to five per cent without any strings or limitations. That was the established policy of the administration, announced here. It was a tremendous reduction, but I have no doubt the ministry had good reasons for it. I questioned it somewhat at the time, but after all I do not think any of us raised very much controversy over it. Industrial companies were allowed to give five per cent of their profiits without strings or limitations at all. In the case of those in the 100 per cent excess profits brackets it was well understood by industry, by the government and by the membership of this house if they followed the announcements of the Prime Minister, that such donations came out of the 100 per cent excess, and therefore wholly out of taxation—well, practically so. Now, what have we? I was astonished to read a few days before this house met an announcement by the minister that the settled policy of parliament was to be done away with by a stroke of his pen; and here we have retroactive legislation withdrawing the provision and substituting a new formula, the effect of which is a serious detriment. In fact, it is a knock-out blow to our educational institutions. Retroactive legislation, especially with regard to taxation, is wholly reprehensible. It is a bad principle; retroactive legislation is vicious at any time. I cannot visualize any more honorary degrees for the Minister of Finance. It is now proposed to withdraw the reasonably mild, I will not say generous, provisions under which institutions stood to benefit and to provide that the amount of donations made in excess of the average of the taxpayers donations, in the last two fiscal periods ending before July 1, 1942, shall be allowed as deduction for the purposes of the income tax and excess profits tax only—and listen to this—to the extent that the total taxes payable by the taxpayer under those acts are thereby diminished by forty per cent of the excess, unless made before February 1, 1944, and paid, or evidenced in writing before that date.

That is an involved formula, and one has to sit down and study it carefully and have illustrations before one in order to know just what it means. But it is just as clear as daylight that it means a definite reduction in the amount that taxpayers may give to charitable institutions under the tax-free clause. In fact, for the reasons which I now give, there will be no further contributions to education from this source. The average of such donations in the two fiscal periods made by corporations which are within the excess profits clause before July 1, 1942, in most cases, was exactly nothing, and therefore in most cases the amount now allowed will be exactly nothing. The larger institutions were very alert. In one case millions were obtained in payments and written pledges. No wonder they gave the minister an honorary degree. The smaller institutions, not so well informed, less alert, not so well organized, got practically nothing. I consider that the minister's action in changing the regulation and giving notice of the change on the eve of the meeting of parliament, and without parliamentary sanction, was a distinct breach of faith that merits the condemnation of the country. I cannot imagine any

greater breach of faith with the educational institutions of the country than we find in the minister's actions.

I desire briefly now to refer to two special income tax problems to which the minister referred on page 4179 of his address. The first refers to the treatment of annuities and other like payments, and the second relates to the problem created by the combined incidence of income tax and succession duties upon the holdings of deceased persons in private corporations with accumulated surpluses, which holdings cannot readily be converted into cash, like publicly-listed shares, and because of too-heavy imposts falling at the same time on the same property, cause great hardship. I have not time to deal with the first problem except to say that it is acute and the cause of hardship in certain individual cases, and these hardships ought to be removed, in justice and equity. That they can be removed I have no doubt. It may mean a loss of revenue, and that is no doubt the real reason it has not been dealt with before or even now. Such cases have usually arisen out of wills made prior to great increase in taxation.

On the other point I have some observation to make. I have always taken the view that the federal government should never have entered the succession duty field. I still adhere to that view. The other view prevailed and we had the spectacle of the same dollar being taxed always by two jurisdictions, and in some cases I could mention, by three taxing authorities. I submit that this is an intolerable situation and should be remedied at once. We in the federal field could well afford to yield up the succession duty field of taxation to the provinces, because it yields only $15,000,000 a year. This double taxation endangers the whole future of private and family business. From the small community point of view, and from the point of view of local employment and decentralization of industry and business, the family businesses should and must be maintained. The present tax structure works directly against that view. I have some more material on that point that I should like to put on the record but I understand that my time is very short.

I now desire to say a word or two about the proposed amendment.

I entirely concur in the important principles enunciated in the amendment. Income tax forms and methods of taxation must be simplified and modernized. They are moving in that direction in the United States. Relief must be granted to taxpayers in the lower income brackets, not only because of the increase in the cost of living but also and more particularly to deal with the growing evil of absenteeism in industry. I venture to assert, Mr. Speaker, that there are many hon. members sitting in this house who are in favour of the proposals enunciated in the amendment sponsored by the hon. member for Dufferin-Simcoe (Mr. Rowe) and who would, if left free, vote for them. That privilege is denied them and they will perforce be obliged to vote against their convictions and the known views of their constituents. Take the position of hon. members representing industrial ridings. Dare they vote against this amendment? I put it to them to-day. Well, they are on the horns of a dilemma. They must choose here and now. Vote against the amendment and face destruction at the polls, or vote according to the dictates of reason. I challenge hon. members from industrial ridings to vote against this amendment.

Mr. ILSLEY: There is nothing inflationary about the amendment at all?

Mr. HANSON (York-Sunbury): If I had the time I could answer that, but I have not. I desire to deal more particularly with the concluding paragraph of the amendment, which indicts the government for failure to deal effectively with the question of full mobilization of our financial, industrial and material resources as well as our man-power. For man-power is only one phase of this problem, albeit the most important.

As long ago as January, 1942, nearly three years ago, I made a speech in this house on this important problem. At that time I introduced an amendment to the motion for an address in reply to the speech from the throne. As I look upon that speech to-day I must have been a seer and a prophet, because everything I enunciated in that speech has been brought about by this government except one. If the house does not believe me I page the hon. member for Richelieu-Vercheres (Mr. Cardin) and the speech he made in this house in which he blamed the administration for accepting so many of the principles I proposed. I am not going to take up the time of the house to read that resolution, but I have lived to see the day, very shortly after January 26, 1942, when the government began to adopt one by one, piecemeal, every principle I advocated in the amendment, save one. It did not need the statements of the present director of national selective service to tell us that there was an acute man-power situation. There has been but one pool to draw from. After the plebiscite of unholy and unsavoury memory we had conscription and the draft. Have we had honest enforcement of the military draft laws of Canada? The

answer cries "no" to high heaven. The obligations of good citizenship demand that we face this position regardless of all considerations.

Then there is the disgraceful situation relating to the establishment and maintenance of a home army of trained, seasoned troops, said to be seventy or seventy-five thousand strong, costing the nation $150,000,000 each year, held immobilized, neither in the war nor out of it, neither in industry or agriculture nor out of it. This government has simply stalled on the whole question. I appeal to every member of parliament to examine his conscience and his regard for his own self-respect on this issue. Let us for the moment forget the dubious record of the past and with ringing resolution resolve to do the right thing before it is too late.

I appeal to the Minister of National Defence (Mr. Ralston), to his colleague the Minister of Finance (Mr. Ilsley), to his colleague the Minister of National Defence for Naval Services (Mr. Macdonald), to his colleague the Minister of National Defence for Air (Mr. Power). We well know what their position and principles are in regard to this matter. It is well known they have held opinions that coincide with mine, and they have practically so declared in this house. I appeal to them to comport themselves like men, not mice; to cast into oblivion the policy of appeasement which has too long disgraced this nation—

Mr. SPEAKER: Order. The hon. member's time has expired.

Mr. HANSON (York-Sunbury): May I have three minutes more?—and then I shall be through. I appeal to them to cast into oblivion the policy of appeasement which has too long disgraced this nation in the eyes of the allied nations, and particularly in the eyes of our neighbours to the south, who have marvelled times without number at the poltroon position which we occupy.

Our gallant sons, fourteen battalions strong, perhaps more, have assaulted the embattled fortress of Europe. Casualties so far have been moderate, but the assaults have hardly begun. They need and will continuously need a large and ever-increasing stream of able, strong, well-trained troops to take the place of casualties which will grow in ever-increasing numbers. Where are these men to come from if not from this immobilized force, Canada's home army? These men apparently never were intended to fight. The fact is they will fight if the government wills that they fight. This playing of partisan politics has been a foul blot on Canada's national effort and unity in this great conflict. This government has consistently not done that which it knew to be the right and the logical thing to do, that is, enforce equal service and sacrifice everywhere in relation to the war. Let us end all this. If we do not, the verdict of history will be that as a nation we were poltroons and failed in our duty. On this whole question we have an inglorious record. Let us blot out that record, gird ourselves like men and once more lift up our heads, courageous and unashamed.

Mr. CLARENCE GILLIS (Cape Breton South): I do not intend to deal with the many ramifications of the budget. The hon. member for Rosetown-Biggar (Mr. Coldwell) made a general survey of that subject, and I think set out clearly and specifically the opinions of the people we represent in this house. The only comment I have to make on the remarks of the hon. member for York-Sunbury (Mr. Hanson) is that, as usual, he took a left-handed swipe at the members of this group, and his whole speech would indicate that he does not like the government or the C.C.F. Well, as long as the people of the country like us and recognize the fact that we are doing the best job we can, we are quite satisfied.

With regard to the budget, the minister did his usual good job in presenting it to the house. It was rather an easy job this time in that there were very few changes in it. He made one change that I think was very important and long overdue—the lifting of the duties against agricultural machinery. But there was one thing I believe he overlooked. What he did in respect of importations of agricultural implements he should have done in respect of the materials and equipment necessary to the proper functioning of the fishing industry. They too should have been relieved of the heavy imposts levied against the necessary equipment they must import. I leave that thought with the minister, in the knowledge that representations have already been made to him from different sources since the budget was brought down.

This afternoon in the time at my disposal I shall endeavour to straighten the record concerning certain statements that have been made in the house. First I wish to make the record clear in connection with certain comments of the hon. member for New Westminster (Mr. Reid), in the course of which he made a comparison of interest, debt and the like in Canada and New Zealand. His figures are not correct, and when he made the statement I pointed out to him that he was telling only half the story. In order that the record may be complete I shall now give the rest of the picture. I believe we do a

disservice to ourselves when we quarrel with any of the nations who are fighting this major conflict with us. Surely we should be most careful in any statements we make as to their internal economy. It is for that reason I correct the record so far as the statement made by the hon. member is concerned.

Only a few days ago we listened to a speech by the Prime Minister of New Zealand. In my view he made one of the best contributions I have heard since I came to parliament. His speech was steady and statesmanlike.

The statement of the hon. member for New Westminster to which I refer is to be found at page 4112 of *Hansard* for June 23. The hon. member gave no information as to dates, nor did he state the rate of exchange between New Zealand and Canada. He said he got his figures from the New Zealand and Canada year books. The only comparable information is to be found in the New Zealand and Canada year books of 1941-42, covering the year 1940. Information regarding Canadian provinces and municipalities in the 1942 year book covers 1940 only.

I shall not repeat the figures given by the hon. member for New Westminster; they are already on record. I wish to place on *Hansard* comparative figures for Canada and New Zealand, because the statement made by the hon. member is absolutely incorrect. The figures are lengthy, but I believe it is necessary that they be given. Of course if hon. members would permit me to place them on *Hansard* without reading them, I would not have to take the time to read them in full.

Mr. REID: I object to their being put on without being read.

Mr. GILLIS: Then I am sorry, but I shall have to read them, if the hon. member for New Westminster insists. These are comparative figures for New Zealand and Canada. The figures given by the hon. member were brief, and certainly they were not at all explanatory.

The direct debt of the dominion is $4,703,964,000. The direct and indirect debt, including government guaranteed loans and securities for Canada is $6,013,322,000.

Mr. REID: What do they owe Great Britain?

Mr. GILLIS: The comparative figure for New Zealand on the same date is £322,146,633. Our provincial debt is $1,957,279,000. Our direct and indirect—and this is provincial, again—including guaranteed loans and securities is $2,179,885,041. New Zealand has no provincial debt.

Our municipal debt is $1,227,360,000. Our direct and indirect, including guaranteed loans and securities—and this is municipal—is $1,280,640,494. New Zealand's municipal debt is £71,502,170.

Mr. REID: Does the New Zealand debt include what she owes Great Britain?

Mr. GILLIS: Yes. The total dominion debt is $7,888,603,000. The total dominion direct and indirect, including government guaranteed loans and securities is $9,214,920,000.

Mr. REID: What is the indirect debt of New Zealand?

Mr. GILLIS: I am giving their debt now. That of New Zealand is £393,146,633.

Mr. GARDINER: That is direct debt?

Mr. GILLIS: Direct and indirect; that is their total debt. Our population is 11,420,084 while that of New Zealand is 1,640,000. The same figures apply in working out both direct and indirect debts. Our direct per capita debt works out at $690 and our indirect at $807. In New Zealand it is $840.

The debt figures given by the hon. member for New Westminster were $680 per capita in Canada, and $1,010 in New Zealand. These figures are not borne out by the search I have made.

Mr. REID: What authority has the hon. member for his New Zealand figures?

Mr. GILLIS: The Canada and New Zealand year books, for 1941-42.

Without going into all the ramifications of these figures, I shall give a boiled-down statement. The hon. member for New Westminster, in respect of per capita interest charges, said that the interest in Canada was $14.65, or an average interest rate of 2·90 per cent. The figures he gave for New Zealand were $28.75, with an average interest rate of 3·42 per cent. According to my search those figures are not correct. The figures I have show the total debt, dominion and provincial, as $6,144,258,809, and in the case of New Zealand, £322,146,633. The total interest charge in the case of Canada is $205,582,850 and in the case of New Zealand, £7,982,505. The per capita interest charge for Canada is $18 and for New Zealand, $16.66, and the average rates of interest are 3·34 per cent for Canada and 2·49 for New Zealand. There is a discrepancy there, and yet these figures are from the same source.

I do not think any one will quarrel with taxation, with what he has to pay provided he gets something for it. If you are giving the people something for their taxes, they will not quarrel. I am going to give some more

figures for Canada and New Zealand covering education and social security. These are the 1940 figures.

Mr. TUCKER: Was that the debt of the dominion and the provinces of this country?

Mr. GILLIS: Yes.

Mr. TUCKER: And the municipalities?

Mr. GILLIS: The municipalities are not here. For old age and blind pensions and national health, Canada spent $72,845,000 as compared with an expenditure for social security by New Zealand of £12,288,340.

Mr. ILSLEY: That is incorrect, because the hon. gentleman is omitting the provinces.

Mr. GILLIS: I am coming to that. The provincial expenditures in Canada on medicine, health, relief and public welfare amounted to $78,315,000, and the expenditures on medicine and health alone in New Zealand amounted to £2,328,283.

Mr. ILSLEY: I still say that in the old age pensions figures the hon. member is not including the contributions made by the provinces.

Mr. GILLIS: Yes, I am.

Mr. ILSLEY: In what figure?

Mr. GILLIS: In the last figures, the expenditures by the provinces on medicine, health, relief and public welfare. The old age pension contributions are included in the first figure.

Mr. ILSLEY: What figure is that?

Mr. GILLIS: That is the figure of $29,976,000, which along with $42,869,000 for national health makes up the total of $72,845,000. That covers old age and blind pensions and national health. The minister can check those figures.

Mr. ILSLEY: I do not have to check them. I know that our contribution is about $30,000,000.

Mr. GILLIS: This is 1940.

Mr. ILSLEY: That is what it was then.

Mr. GILLIS: If you recheck them I think you will find that this is right.

Mr. REID: What is the hon. member quoting from?

Mr. GILLIS: These are the 1940 figures in the 1941 year book.

Mr. REID: I was quoting from the 1943 book; my figures were more up to date.

Mr. GILLIS: There are no other figures.

Mr. CRUICKSHANK: Is that the contributory figure?

Mr. GILLIS: Any one who wants to can recheck and correct me if I am wrong.

Mr. CRUICKSHANK: Why waste time checking? Let us get it correct now.

Mr. GILLIS: I am not worrying about wasting time; I am wasting my time now. If the hon. member for New Westminster had been a little more accurate I would not have had to do this on my time in order to correct the figures in connection with our sister dominion.

The per capita expenditure on provincial medicine, health, relief and public welfare in Canada was $7 as compared with $4.97 in New Zealand. In the field of education Canada spent $28,929,001 as compared with £4,619,134 in New Zealand. The per capita expenditure in Canada was $2.53 as compared with $8.53 in New Zealand. The total per capita expenditure in the field of education and social security in Canada was $15.83 and in New Zealand, $39.57.

Mr. HOMUTH: I do not want to interrupt the hon. gentleman, but has he taken into consideration the amount of money spent by the provinces on education?

Mr. GILLIS: Surely. I have already given that.

Mr. HOMUTH: Then I do not think the hon. gentleman's figures are correct.

Mr. GILLIS: Mr. Speaker, I am talking on my own time now. I have put the statement on the record, and if it is wrong, any hon. member has a right to correct it. So far as I am concerned they are the only figures available. I endeavoured to get them up to date, and that is the statement as I got it.

Mr. REID: I shall be satisfied if you will quote 1943.

Mr. GILLIS: You cannot get them; you cannot get our own for that year.

Mr. REID: We will give you our copy. Here is the proof.

Mr. GILLIS: The second matter I wanted to comment on was the statement made in this house by the Minister of Munitions and Supply (Mr. Howe) on June 19, 1944, to be found on page 3926 of *Hansard*. I am sorry the hon. member for York-Sunbury (Mr. Hanson) is not in the chamber, because a few days ago he was anxious to hear this. The statement made by the Minister of Munitions and Supply was in answer to a question put by myself as to why some coal

mining collieries in Nova Scotia were not working on Saturdays. My question was prompted by a resolution which I had received from some of the mine workers' unions.

At that time the Minister of Munitions and Supply—I am not blaming him for this, because I believe he is anxious to find a solution to the problem—read into the record a statement which he had received from the fuel production board. That statement pointed out that production in the coal mines of Nova Scotia was down to an alarming extent and that absenteeism had increased beyond what could be considered as at all sensible. In effect the minister led the house and the country to believe that the deplorable state of affairs outlined by him was due to one cause only—absenteeism. He led us to believe that the miners of Nova Scotia were not working and that as a result production was down. That is the way I would have taken that statement had I not been in the house and known the circumstances. As I say, I am not blaming the minister for making the statement, but I do want to place the other side of the story on the record.

I want to make it very clear that I am not condoning absenteeism in any way, shape or form. To the extent that absenteeism may militate against production in the collieries, I say it should be removed. It is the prerogative of those charged with the getting of production, the emergency fuel board, the operating companies and the miners' unions, to see to it that that particular cause is removed. But it is not responsible for the drop in the production figures as the minister was led to believe and as this house was led to believe from his statement.

I want to jog the memory of the house on one point. In the 1943 session the Prime Minister declared that an emergency existed in this country in connection with fuel. Upon that declaration being made, the government appointed an emergency production board, which was given sufficient authority and administrative latitude to see that the production in the mines of Canada was brought up to the point where it would assist our war effort and guarantee domestic fuel supplies. Rather than an indictment against the mine workers of Nova Scotia as one listening to it might be led to believe the statement put on the record by the Minister of Munitions and Supply stands as an indictment against the emergency fuel production board. The board had supreme authority, and I know that the Minister of Finance, through his department and other agencies of the government, has made available to the board the necessary financing and everything it needed to see that production was increased. Why was production not increased? What happened that it was not increased? I say that the statement put on the record by the Minister of Munitions and Supply stands as an indictment against the efficiency of the fuel production machinery set up by the government. There is no other way you can look at it. If I am given a job and the necessary machinery to do it, and the necessary finance, and I do not get that job done, the responsibility is mine.

I wish the Minister of Munitions and Supply were here, because I am going to endeavour to show him, as I did on a previous occasion in this house, exactly why you are not getting coal production in the mines of Nova Scotia. We did that when the board was set up from our places in the house, and if the machinery which was recommended by myself and by the mine workers had been set up, the situation would not be what it is to-day I am certain of that.

Was this present production situation not anticipated? Did it drop out of a blue sky? I do not think so. The premier of Nova Scotia appeared before the reconstruction committee on December 2, 1943. He commented on the production situation and fully anticipated the very situation we have now. He elaborated on the number of tons that had been produced last year and forecast for the following year a shortage of approximately 1,200,000 tons. Why? Because he knew the situation. He was at least realistic about it. Anyone who wants verification of this statement will find it in the minutes of proceedings of the reconstruction committee volume No. 35. There you will find Premier MacMillan's statement that he anticipated the production situation we have now. The only people who did not see the picture as it really was were the heads of the fuel production board. Who were they? First you took in Mr. Henry Borden. My friends to my right have him now as organizer, and I hope he does as good a job there as he did on the fuel production board. He was the head of Barclays bank. Do you expect to get fuel production by bringing from Toronto to Ottawa a banker and giving him authority to organize your coal mines of Canada? I talked for an hour with him when he first came here; I was told by the Minister of Munitions and Supply to go and see him. He is a nice fellow, but he had not the slightest idea of the job he had to do—not the slightest. Right along, instead of picking men who knew production in the collieries to assist these boards and organize the machinery at the point of production where you would have had a solution to the problem,

you fastened on men from the top down who were interested in maintaining private enterprise and their control on the economy of this country, and not interested in getting coal production by organizing the people who were producing the coal, because that might mean losing a little bit of their authority. That is the reason you did not get production, and there is an indictment against your fuel production board that will stand for all time, the indictment that was read into the records of this house by the Minister of Munitions and Supply.

Mr. MITCHELL: I think my hon. friend will admit that steps were taken to organize war production committees to increase the production of coal. That was done by the Department of Labour and by the Department of Munitions and Supply.

Mr. GILLIS: Yes, but they were not organized.

Mr. MITCHELL: They are organized.

Mr. GILLIS: Your production committees as you visualize them in that industry will not get production, because in the mining industry of Nova Scotia you have a one hundred per cent organization of the workers, and you have a mine committee that functions six days a week, acting as a liaison between the manager of the colliery and the local union. That committee has certain definite functions to perform within the limits of the contract signed by the company. The solution is not there.

Mr. MITCHELL: If that is not the solution, perhaps my hon. friend will tell me what his solution is. We tried sincerely to increase production. We set up a special board on which organized labour and the employers were represented here in the city of Ottawa, and we have also two field men in Nova Scotia with the end in view of setting up production committees. My information is that an understanding has been arrived at between the management and the mine workers' union of America.

Mr. GILLIS: You have not got a solution there. We gave the solution to this house when the board was first set up. The mine workers' union presented a brief to the board in which they set out machinery that was necessary. Production committees are not going to solve the problem. The machinery briefly is this, and the minister can check it from *Hansard* because it was all put on record before. The mine workers' union and I recommended this machinery. We had pointed out that putting men down in the collieries was not going to increase production, and that has been borne out. We said that a reorganization on the job where the coal is produced was necessary, together with the elimination of certain conditions, particularly the remote control that exists between the head office in Montreal and the collieries in Nova Scotia, which means that a local official at the colliery before he can make an expenditure of one dollar that is not covered by the contract, an expenditure that might mean the saving of 1,000 tons of coal, must first get authority from Montreal—chasing all around the circle to Montreal to get the necessary authority, and that might take a week. The machinery which the mine workers recommended and which I recommended would work. We recommended setting up on the island of Cape Breton this machinery: Take the manager of the Dominion Coal company—the miners were not biased; they picked the manager—and the manager of each colliery and set up a regional production board functioning on the job, with equal representation from the local unions on that regional board. Your mine committees in your collieries, who are in touch with the day-to-day grievances, relay to that regional production board whatever information they may have on conditions that militate against production. The board would have authority to deal with that problem immediately instead of having to go to Montreal for a solution. They recommended the same machinery for the mainland of Nova Scotia, with the same set-up. What you are getting there is direct representation from the men and from the company; people who are practical, who can remove some of the conditions which are militating against production. The mine workers set out at that time what those conditions were.

First, the transportation of the men to their work overground. They are bringing them eight, nine and ten miles, in some cases with an obsolete train. I do not want to go over that again, but there is a job to be done. Then there is the improvement of the pressure necessary to cut the coal. Horses are working double time, and there is no feed for them from the time they leave the stables in the morning until they are taken back at night. In many cases the horses which have to work double shift collapse, and the men have to go home without producing any coal. Then there is the placing of timber at points convenient to the men. There is a job to be done in making conditions underground more satisfactory; at the present time they are deplor-

able. I shall support that statemeent by direct evidence received since last week from some of the collieries affected.

I had the pleasure, if one can call it such, of meeting Mr. Mike Dwyer, one of your regional directors of selective service, who was selected as regional production boss in Nova Scotia under the machinery which the government set up. I met him right after the house adjourned, subsequent to the declaration of an emergency in the matter of fuel, at the selective service office in Sydney, with the selective service officials. These officials knew their job if it could be done their way. The director had certain ideas. I told him that in my opinion he would not get any production by sitting in his office arguing with men who knew their work, but if he would come with me next morning I would take him down in some of these collieries and show him what had to be done if production were to be increased. I pointed out that you could collect a lot of men from the armed forces and other services all over Canada and pour them into these operations but that you would drop production by thirty-five per cent in the process. However, he would not come. It was too much trouble; he would have had to get up at five o'clock in the morning and spend a day underground roaming around and finding out what was wrong. The net result is now evident.

The reason I am so anxious about this coal situation is that I am not so sure that the mining industry of Nova Scotia is not being sabotaged. At any rate it is being stupidly managed. I am not so sure that some people are not ready to walk out of that section and leave it as they left Inverness, with holes which have been robbed to the point of not being profitable any longer, and then passed over to someone as a gift to carry on as a relief project. It looks to me like awfully stupid management by somebody who is getting ready to leave.

A royal commission is about to be set up by the Minister of Munitions and Supply, and no doubt the personnel will soon be announced. The terms of reference must be sufficiently broad to include a complete check of all the operating companies in Nova Scotia plus their subsidiaries. They may leave the holes in the ground and operate subsidiaries which have been bought with money produced from those mines. There is a long story to be told in that connection, and it is not a very pleasant one. I stress the matter because I believe it is important that the commission should know exactly what the situation is.

In passing I would say that the subject of absenteeism has been played up in the Ontario press. It was reported that miners were away on a binge for weeks because of the money which they had to spend. That kind of stuff is not borne out by the facts. I have here a clipping from a Nova Scotia paper setting out that the credit union at New Waterford has 2,750 members and savings amounting to $152,768.34. The important thing to know in this connection is that the society had its biggest week recently, when $40,000 of the retroactive pay received at New Waterford was paid into that credit union in savings. Those men did not go on a binge. I have here several other clippings pointing out the increase of savings in credit unions across Nova Scotia because of that retroactive pay. The publicity which the miners have been receiving in certain sections of the press from one end of the country to the other, imputing to them extravagance and dissipation, does not do Canada any service because it is not borne out by the facts. The situation of the credit union at New Aberdeen is even better. I notice that a reporter of the Toronto *Star* visited this district and was disappointed that he could not get pictures of people throwing away ten dollar bills and the like. He was amazed at the number of people who were depositing their retroactive pay in the credit union at New Aberdeen.

Here is another clipping, taken from the Glace Bay *Gazette* of June 13. It relates to the members of the Phalen local, connected with one of the largest collieries. There are two collieries there. One, No. 120, is operated by a tunnel driven up from No. 2. The conditions about which they are complaining—quarreling with the superintendent and management and other minor grievances—could be cleaned up in short order if the machinery which I spoke of a moment ago were in existence.

I have a letter from the president of United Mine Workers of America, district No. 26, Mr. Freeman Jenks. I am not going to read it into the record, but he sets out the causes of dissatisfaction which exist among the men, and makes the observation that it looks as though someone was trying to sabotage the industry.

One of the first things which happened when that dollar-a-day plus vacation with pay was granted was that the company went around chiselling rates which had been in operation for years, including dead work which was being paid for. In some cases, Mr. Jenkins points out, men receiving the dollar a day, after losing the other concessions, wound up

by being about three cents better off than they were prior to getting the increase. That kind of thing does not make for harmony, nor does it get you production.

Mr. McGEER: Why were they only three cents a day better off?

Mr. GILLIS: For the simple reason that the company went about chiselling on other rates, to such an extent that the men wound up by being about three cents a day better off than they were before the dollar a day was granted to them.

Here is a letter from Douglas McDonald, who is a member of the legislative assembly and also a board man of the United Mine Workers of America in the New Waterford district. He writes this letter of his own volition; I did not ask him for it. He says:

> This morning, June 20, thirteen loaders from 17 West Wall No. 12 colliery were forced to come home after going down to place, the face was left unprotected, no hardwood blocks or props for men to put up, and piles of hardwood and thousands of props on surface. Here is a loss of approximately 220 tons of coal. . . .

He goes on to tell me the story. It confirms what I pointed out a moment ago. With your other machinery functioning, with contacts through the medium of your mine committees and your production committees which could be utilized later, conditions of that kind would be reported direct, the machinery would function properly on the job, and these conditions would not exist.

In connection with working on Saturdays—

Mr. SPEAKER: The hon. gentleman's time has expired.

Mr. GILLIS: I shall be through in a minute. There is something more in that story than the Minister of Munitions and Supply would indicate. I have here an editorial appearing in the Glace Bay *Gazette* of June 29 in which I observe that action is going to be taken by the miners' union against selective service for not enforcing the regulations with respect to the men being kept on the job. According to this, men are reporting for work on Friday nights and reporting on Saturdays, and they are being sent home from the colliery, which constitutes a violation of a certain section of national selective service regulations. I know that these men are not quarreling with the officials and the people down there, trying to get the mines working on Friday nights and on Saturdays because they want to create an impression somewhere. They are not.

If I may take a minute before I close, I would like to point out that one factor that is being classified as absenteeism, and incorrectly so, is that hundreds of the younger miners who produced coal in 1939 to the extent indicated in the minister's report, working a fairly decent man-day, through which production was built up, are to-day in the services in France and Italy. We have now in the mines in Nova Scotia, and I presume the same is true of the west, older miners whose backs have been broken, so to speak, loading coal and working five or six days a week, and who are not able to maintain the production which the younger men could maintain up to 1939. They were working only two and three days a week; every pound of coal that could be produced was produced within two or three days, so that the figures given by the minister in that connection are not correct.

I merely wanted to emphasize the two points I did, without going into the budget specifically, because I thought it was necessary that the record should be clarified in these two particulars.

Mr. W. A. TUCKER (Rosthern): Our country is almost at the end of the fifth year of its participation in the greatest war in human history. Amendments to the budget emphasize the various alleged sacrifices at home, but I suggest that the real sacrifice at this time in this war is that of the young lives that are being cut off, or the sacrifice made by young men who are being seriously injured on the very threshold of their lives. If we are to bring to fruition the better things for humanity made possible by the untold sacrifices that are being made, we of the united nations should continually remind ourselves that we failed our young soldiers, sailors and airmen, to a great extent following the last war. We had high hopes at that time and talked very much as we do to-day; we said that it was a war to end all war and that we were going to build a world fit for heroes to live in. Our failure to live up to the high hopes then held out—and that failure cannot be denied, for another world war has occurred within twenty-five years of the close of the last one, and we have had widespread unemployment, such as prevailed particularly in the thirties throughout the world—should indicate to us that it is not enough to have good intentions. We must have very well thought out plans in order to avoid the same results following this war.

Obviously Canada cannot within and by herself totally take care of the problems which face us, because no self-contained reorganization of our internal set-up can entirely prevent a similar failure again. We must this time avoid past mistakes and resolve to do our part both within the country and externally to see that these mistakes are not repeated

after this war. This will entail our taking full part in the world organization to guarantee peace. Personally I cannot think of anyone who is more likely to see that Canada does everything that is possible to promote this end than the present Prime Minister (Mr. Mackenzie King). In my judgment it would be a tragedy if anything happened to prevent him from representing Canada at the peace conference. Any hope of a lasting peace must be based on our doing all we can to see that a just peace is established, so that we shall have a peace that will not break down in spite of our efforts to preserve it. The present Prime Minister's long experience of world affairs, as a negotiator and conciliator, should make his contribution a most important and perhaps vital factor in a successful peace conference. In this connection I submit that we must not only restore the brave peoples of France, Poland, Norway, China, Czechoslovakia, and other overrun countries, to full freedom and liberty; we must support other peoples in their aspirations toward freedom, liberty and self-government.

In this respect there is one people in particular in whose welfare Canada should take a special interest. They are people who have made in the past and are making now a substantial contribution to the building of Canada, and in this war they have taken a most worthy part in our war effort, having enlisted in our armed forces, and in every other way having done their full share in supporting the war effort. Their splendid efforts have been the cause of admiration and pride on the part of all Canadians. I refer to the Ukrainian people. I hope that the day is not long distant when the Ukraine will be a unified, free and self-governing nation. When that day arrives, the Ukrainian nation will be one of the great powers of the world. It will consist of forty-million people inhabiting one of the richest parts of the earth's surface. The Ukrainian people in Europe, by their courageous defence of their homes, by their enormous sacrifices in this war, have surely earned the right, if any people have, to their full measure of freedom and self-government, and I hope they will have it immediately following this war. I urge this government to give this matter their special attention so that when the peace conference comes it can give these aspirations of the Ukrainian people its full support.

I cannot let this occasion pass without again paying my humble tribute to the way in which those of all racial origins in Canada have united in the common service of the country. I feel that they have all done and are doing their part now, and after the war people of all racial origins in this dominion will be able to look back on this era of great accomplishments with pride in the achievement of the various sons of Canada, regardless of their origin.

Turning now to the domestic arena, in which we must not again fail to guarantee a minimum standard of well-being to our people, young and old, I welcome the various steps already taken and to be taken by this government to bring economic security to our people. I feel that a tremendously worth-while step was taken in this direction by the enactment of the Prairie Farm Assistance Act, which gives the farmer some measure of economic security when he loses his crop or there is a crop failure. I believe this measure will have to be extended in western Canada by a greater measure of individual crop insurance. As it stands, however, it has been a most worthwhile contribution to economic security in western Canada.

I welcome the family allowances bill because it will ensure a certain income to all families in Canada with children under sixteen years of age, regardless of loss of position, regardless of loss of crops, regardless of the death or incapacity of the bread-winner. And since it is such a real humanitarian measure I personally find it hard to understand the opposition to it by some radical labour leaders.

Mr. SPEAKER: Order. I must call the hon. member's attention to the fact that the family allowances measure is now before the house in the form of a resolution. He will have an opportunity to discuss it when it again comes up. He must not discuss it now.

Mr. TUCKER: Mr. Speaker, I had in mind the fact that the money for that purpose was provided in the budget and that it would not be out of order to mention my support of the measure in the budget address.

Mr. SPEAKER: The hon. member will have an opportunity to discuss it when it comes before the house. On another occasion I had to call one or two hon. members to order on the same point.

Mr. TUCKER: The same objection may apply to what I intended to say in support of the health insurance scheme.

Mr. MACKENZIE (Vancouver Centre): No; that is not before the house yet.

Mr. TUCKER: I would say that I welcome the measure to provide a real health insurance scheme for this country. I understand that all that is necessary to put it into operation as a workable and comprehensive scheme, perhaps as good as that of any country in the

world, is the full support of the provinces. I hope that it will receive that support and that we shall have in the near future a real measure of health insurance in Canada.

I also welcome the farm improvement loan scheme, because it is designed to improve the homes of our farming people. Since I have been in this house I have taken the attitude that our farming people are as much entitled to the amenities of life as people living in the cities, and if the provisions of this measure are brought into effect I think it will halt the tendency of people to move from the rural areas to the cities. I certainly welcome the bill by which the farmers may hope to improve their homes and equipment.

I commend the government most heartily for its provision that profits in agriculture may be charged back in regard to income tax against loss for one year or forward against loss for three years. It is well known that farming is a most uncertain industry, and while it was on a yearly basis, of course the profit of one year on which the taxes would be paid might be entirely wiped out by losses the next year or the following year. I am sure that that measure of relief to our farmers will be much appreciated throughout Canada.

As to the floor under farm prices, that again is a recognition of something that has been perhaps overdue, but, at any rate, I welcome it. For many years it has been recognized that labour is entitled to minimum wages. At last it is recognized by our government which takes the attitude that farmers are entitled to minimum prices for their products, just as labour is entitled to fixed minimum wages, and for that reason I think the farming community of this country should welcome that measure being brought in at this session.

However, Mr. Speaker, underlying our ability to finance and provided a high standard of living for our people in Canada without tremendous dislocation and interference with our individual freedom is the preservation of markets for the commodities which we produce in such enormously larger amounts than we can possibly consume in Canada. We know that in the decade before 1913, when we had a good market for our products, Canada enjoyed prosperity; likewise, we had real prosperity in the decade from 1919 to 1929, at which time there was also a real market for our exportable surpluses. During the period from 1930 to 1939 when world trade was dislocated by severe restrictions to trade by various nations we had a depression and suffering not only in Canada but throughout the whole world, and that includes Soviet Russia which was under a socialist government. Now the question is, has the world learned its lesson in regard to the futility of each nation trying to live unto itself alone and build up a self-contained economy? I hope it has, but signs indicate that we should not take this for granted and should see to it that we in Canada maintain in office a government which does believe in promoting and improving world trade.

Canada is more dependent for prosperity upon retaining a market for her vast agricultural surpluses than perhaps any other country. I realize that to-day in theory we all believe in retaining world markets; theoretically we do. But world markets like everything else in this world can be obtained only at a price, and I suggest that that price is our willingness to accept payment for our exports by imports. So far as we in Canada are concerned, except for the small part of our imports which come from countries which can grow produce that we on account of our climate cannot grow, the bulk of our imports consists of goods which we can produce in Canada albeit at higher cost and sometimes much higher cost. A protective tariff is designed to keep out goods which we cannot produce in this country as cheaply as we can import them. By so doing not only does it raise our cost of living and production but, what is even more disastrous, it destroys the means of other countries buying any of our exports. As I have stated, anyone who studies the effect of trade on Canada's economy must be struck by the fact that we in Canada depend perhaps more than any other country on export trade. Approximately one-third of our national income comes directly from the sale of our exports in foreign markets. A large part of the remainder of our economy in turn depends upon the purchasing power of the third within Canada which does depend directly upon foreign trade. Therefore the part of our economy which depends upon purchasing power based upon world trade is very large. One has only to think of the difficulties of our farmers from 1930 to 1939 owing to the curtailment of our export market to realize this point. Think of what would happen if by trying to establish a self-contained economy we lost our export market for wheat. Not only would about three-fifths of our western farmers have to turn to some other occupation, but the value of their lands, buildings and machinery would be practically wiped out, if only a fraction of the land now used was required to grow the wheat which could be used and exported.

In this connection I most earnestly commend the government for removing the customs tariff on farm machinery, including milking machines and cream separators, for removing the war exchange tax of ten per cent from these

articles and for removing the tax on component parts of the same articles imported in connection with their manufacture in Canada. One of the things that seems to be overlooked is that, as I understand the situation, these items will now enter Canada from any other country of the world duty free. I do not think the words of the leader of the Cooperative Commonwealth Federation (Mr. Coldwell) in this regard are warranted in referring to the total abolition of such imports as a "mincing step," as he did in this debate. He said that farm machinery is monopoly controlled and that something should be done about this. If such a condition does exist, no more decisive blow could be struck at that monopoly than to make all such articles free of customs duties, no matter from where imported, as is now being done. The leader of the C.C.F. took this attitude himself in times past and his late leader took the same attitude. If machinery can be brought in free, not only from the United States but from any other country, no monopoly can long exist and control prices, under those conditions.

The leader of the C.C.F. also used the argument that when the tariff on farm machinery was reduced, prices to the farmers actually rose. He, and others who use this argument, know very well that this is a specious and incorrect argument against tariff reduction. The reason for the rise in prices of farm implements in past years, in spite of a lowering of tariffs on imports from the United States of America, has been that cost of production, including freight rates, raw materials and taxes, has risen both in the United States and Canada. Wages, too, have risen. A large proportion of the increase in prices of farm implements has actually been due to the rise in the cost of labour.

The average annual earnings of labour engaged in the manufacturing industry has risen by 212 per cent between 1910 and 1942, and from 1935 to 1942 by 45 per cent. As I understand it, the C.C.F. holds out the hope to labour that this upward movement in wages will be encouraged, not discouraged; so that I do not think the argument about the rise in prices being due to tariffs should be put forward by that party.

This raises another point. If the C.C.F. gets into power, and the farm implement industry is socialized, wages raised and working hours reduced, and it is found that, for example, Russia, with longer hours and lower wages, can make farm machinery cheaper, what would my hon. friends of the C.C.F. do? I do not think they would raise the tariffs; it would not be necessary, because they would operate our trade under an export and import board. Imports could come in only with the permission of the import board, which the C.C.F. promises to set up. All imports of farm machinery from any other country could be excluded.

The socialized farm implement industry could then pay as high wages as it wished, and be as inefficient as it probably would ultimately become, under bureaucratic management. It could provide work at good salaries for hundreds of inspectors and government officials, and no one would be worse off except the farmer, who would probably be paying twice as much for his machinery as would, for example, his competitor in the Argentine.

Would this not extend to every other necessity of the farmer which could be made in Canada? Farmers' costs would necessarily sky-rocket. Where would this put the farmer, when he was placed in competition with farmers in other countries? I know the C.C.F. have an answer. They would pay more to the farmer for his produce. Having severely curtailed imports, they, of course, would have curtailed exports because nations after this war will be able to pay for our exports only if we take their exports in payment.

The C.C.F. would be in the position of having to buy the farmers' products, the market for which they had largely destroyed. And they would have to buy at increased prices. What would they do with those products? Who would pay the increased costs? They could not let prices of farm products go up in Canada, for that would take away the benefit of increased wages to labour. Taxes would be the only answer. On whom would those taxes fall? Necessarily they would fall on the people who earn money and have property. Since all major industries, except farming, would be socialized, under their present programme, it looks as if that industry would come in for pretty heavy taxation in order to supply the income the government would need to enable it to pay the farmer for the produce which it would buy and not be able to use.

I have condemned high tariff policies of Canadian governments in the past. The policy of the C.C.F. in handling our trade by export and import boards, on which of necessity the majority of the members would be from the central part of Canada, would in my judgment be far more disastrous to the farmer than any conceivable policy of high tariffs ever tried by any government in the past.

I believe we are entering a phase in world affairs when we, of all countries, should not think of entering into a socialist experiment which inevitably would lead to our losing a

substantial part of our world markets, and our having to try to establish a self-contained economy resulting in terrific convulsions in our national economic organization, with consequential terrible hardship on our people.

So far as I am concerned, therefore, in the best interests of the farmers of this country, and particularly the people of Saskatchewan, I feel I should uphold the Liberal party, not because it has always done everything I should have liked to see it do, not because it has always moved as fast as I should have liked to see it move in the past—

Mr. KNOWLES: Mr. Speaker, I rise to a point of order, and call your attention to citations numbers 238 and 239 in the third edition of Beauchesne's Parliamentary Rules and Forms. I take it that those citations rule against the reading of speeches in the house.

Some hon. MEMBERS: Oh, oh.

Mr. GARDINER: All the speeches made so far in this debate have been read.

Mr. TUCKER: All I would say to that is this: I am not as skilful at reading my speeches as is the leader of the C.C.F. party, and his followers. I have not been doing it for so long.

Mr. COLDWELL: That is evident.

Mr. TUCKER: If they can do it, I think I can. I wished to-day to take up as little time as possible, by putting what I had to say in as concise language as possible.

Mr. SPEAKER: In previous years I have referred to the practice of reading speeches which has grown up in the house. Where ministers have read their speeches a certain amount of latitude has been given, because it is understood that they are stating policy. In that circumstance, latitude was given. However, that was not applied to other hon. members. During this debate I had not noticed any great amount of reading, with the exception perhaps, of the hon. member for York-Sunbury (Mr. Hanson) who stayed with his notes more than he should have done to-day.

Mr. MACKENZIE (Vancouver Centre): He read every word of it.

Mr. SPEAKER: The hon. member who is now speaking has been reading, a procedure which as already pointed out, is contrary to the rules.

Mr. McGEER: On the point of order, it seems to me the time has come to revise that rule. You see, it does not make much difference what a member says in the house, or whether he knows much about his subject. He would probably be able to get someone to write a speech for him, and that person might write a much better one than he could write himself. But when one of the ministers is privileged to rise in his place and read something that is written for him, that is a different matter altogether. The ministers of the government ought to know enough about the subjects they discuss to be able to speak on them. It seems to me that it is a violation of all the rules of parliamentary procedure to permit seniors to read and to deny the same privilege to juniors. I do not think anyone should read his speech, and I think that ought to include ministers as well as private members.

Mr. SPEAKER: I have nothing further to add. The provision has been accepted by the house that a certain amount of latitude be allowed the ministers. That is a provision with which I entirely agree. If a minister wishes to read, in the circumstances I have indicated, the practice has been that he do so. But when hon. members speaking on their own behalf read their speeches, as the hon. member has been doing, they are breaking the rules of the house. And, since the question has been raised, I must ask that the rules be complied with.

Mr. GARDINER: Speaking to the point of order, I have been listening to this debate since the beginning of it, and there has been only one member who has not read his speech. That was the hon. member for Cape Breton South (Mr. Gillis). Every other hon. member who has spoken has read his speech, whether he was a minister, or whatever he was. I suggest that at least we ought to continue what we have started, until the hon. member who is now speaking has completed his speech.

Mr. JAQUES: On the point of order, I agree entirely with the hon. member for Rosthern (Mr. Tucker). We who sit in the body of the house, Mr. Speaker, can see what Your Honour cannot see from your seat. What the hon. member for Rosthern has said is perfectly true. I would suggest that perhaps the majority of speeches delivered in this house are read.

An hon. MEMBER: Speak for yourself.

Mr. JAQUES: I have never done it. I have never acquired the skill to do it. But it is a fact, and I agree with the statement made by the hon. member for Rosthern. Perhaps it is not done in committee, but in formal debate many speeches are read.

Mr. SPEAKER: I have ruled already as to the practice and custom of the house.

Mr. TUCKER: I made up my mind that on this occasion I would follow the precedent established by all members of the C.C.F. who have read their speeches ever since they came here or at least for the past two or three years. I watched the leader of the C.C.F. read the speech he made in this debate, and I decided that if that were going to be done by the C.C.F. party and by the leader of the C.C.F. party, I had as many rights as the leader of the C.C.F. party and that if he were to be permitted to read his speech, I could read mine. It is the first time in my life I have read a speech in this house. If I am to be called to order for reading my speech then I insist that the members of the C.C.F. party be made to deliver their speeches and not read them. Just because they can hold them far off and follow them with their finger is no excuse. I watched the leader of the C.C.F. party following his speech the other day with his finger, and now we are greeted with the spectacle of one of his followers raising a point of order because I am reading a speech, something which I have never done before. I refuse to use any subterfuge. I was following my notes; I was reading my speech, but I read it on purpose partly, I may say, with the thought in mind that if objection were made it would bring this matter to a head. I am going to ask that the C.C.F. members be made to deliver their speeches in future without reading them.

Mr. REID: The point of order was raised in order to spoil your speech.

Mr. TUCKER: So far as the situation confronting this country to-day is concerned, we have the alternative of the Liberal party which proposes to go ahead and provide the economic security which the country is willing to support by taxation. It is going to base that economic security upon world trade, which is the only sound basis for it in the long run. I have pointed out already that the C.C.F. party are making promises that they will raise wages. If they raise wages, they will raise the cost of production of the goods made in this country. That will raise further the cost of production of the farmers. By action of import and export boards, imports then will be excluded, and the result will be that other countries will be unable to buy our exports. That will do more to destroy the economic production of this country than high tariffs ever did.

They will destroy our exports, and then they turn around and say that they are going to buy those products from the farmers at higher prices. They are holding out that inducement. That is the situation; that is the phoney policy which is being put up to our farmers. They are going to raise wages, which of necessity will raise the cost of production of the farmer. Then in the next breath they say that they are going to promote industry by protecting the production of industry by import boards. This will exclude imports from coming into our country, and then what will happen to the production of the farmers?

I suggest that the inevitable result will be the establishment of a self-contained economy in Canada. We, of all countries, depend most upon exports, upon what we can sell other nations, and yet here is a programme to set up a self-contained economy. If they do not intend to set up a self-contained economy they cannot possibly raise the cost of production in this country by raising wages. If the cost of production is raised of everything the farmer produces, how can he be expected to compete in the markets of the world? Therefore they must intend to subsidize the farming industry and, in doing that, they will have to tax heavily. As I pointed out, these taxes will of necessity fall upon those who are left to run their own affairs, those in receipt of incomes. It will simply mean that the farmer will have his markets destroyed and that all he will have will be the promise of higher prices for the things he will not be able to sell, to be paid by himself in higher taxes. These products will simply pile up. A situation based upon such plans is bound to collapse.

It is on that basis that they have gone throughout this country holding out the hope of higher wages and higher pay to everybody who works, holding out the hope of higher rewards to the farmers and everybody else. They know very well that to carry out their promises Canada would have to reorganize her whole economic set-up on a self-contained basis. It would mean the replacing of at least three-quarters of our farmers in other work which they would not be able to do as well as what they are now doing. That is the fallacious system upon which the C.C.F. policy is based.

So far as I am concerned, I believe that the Liberal party will reestablish the returned soldier as well, if not better than any other country. I believe that we have a leader who has the admiration of every other leader in the whole world. He will be able to make a great contribution to establishing an international system which will guarantee the winning of a peace that will be just and lasting.

Our present programme is one which aims at the establishment of the greatest possible measure of trade between the nations of the world. That is of more importance to Canada than it is to any other nation. It would be a tremendous and terrible mistake for our people at this stage to elect to power a party which believes that you can somehow establish a self-contained economy without rearranging the economic structure of our people.

Canada is going to occupy an important position at the peace conference. She will be one of the British commonwealth of nations; she is a nation on the American continent and will have a great influence upon the attitude the United States will take. Canada is in an influential position in regard to any attitude she may adopt. If we put into power a party that believes in a self-contained economy, a socialist economy, we shall have to get away from freer trade; we shall have a self-contained economy, the very thing that helped produce this war. In spite of all that, we have the C.C.F. party pretending that their policy will lead to an era of greater peace. I submit that their policy of a self-contained economy is one of the basic reasons for the outbreak of this war. That is one of the things that helped to put Hitler in power; it is one of the things that helped to bring about the present war.

They are proposing that Canada which must depend upon world trade should embark upon the setting up of a self-contained economy. The adoption of such a policy would be one thing that would help to destroy individual freedom in this country. Are they prepared to reorganize our people, to transfer perhaps three-quarters or two-thirds of our farmers to other industries? A number of countries in Europe endeavoured to be self-contained, and the adoption of that principle led to all the controls and interference by government officials we do not like in this country.

The issue which lies before this country in the near future is whether we want greater prosperity with more individual liberty or less prosperity with more bureaucratic control by the state; more in the way of self-contained economy and less in the way of well-being for our people. That is the great issue that will be put before the country.

The C.C.F. are to-day rejoicing in their measure of success in Saskatchewan, but I think in the near future the people of Canada, not only those of Saskatchewan and Ontario, once the issue is clear will adopt a policy by which Canada will once more be one of a family of friendly nations, one of a family which is willing to live and let live and to provide the greatest measure of freedom to its people and the greatest possible measure of social and economic security as great as the world has ever seen.

Mr. ROBERT FAIR (Battle River): Mr. Speaker, in rising to speak on the sixth war budget I feel that I am starting out at quite a disadvantage, because my speech like all the others I have given here is not written, nor is anything I am going to say imported. My words will be entirely my own and based on experience. So that if my speech is not up to the high standard maintained so far, do not blame me because I am doing my best.

I feel it my first duty to pay tribute to the men and women who have gone overseas to fight our battles over there and to express to the relatives and friends of those who have fallen or been seriously injured my deepest sympathy. Having done that, I turn my thoughts for a little while to the budget.

Like a good many others who listened to or read the budget speech of the Minister of Finance (Mr. Ilsley), I am quite disappointed in it. We were looking for great things and we have got great things in some directions, but I am sorry to say, not in the right direction. The minister has on previous occasions referred to the revenues of this country, and we must, of course, give him credit for being a very good collector, or at least a very good suggester for the other fellow to do the collecting.

I should like to refer for a moment to the $813,000,000 of personal income tax collections. I am not in opposition to the principle of personal income tax, but I feel that it is not administered just as well and as equitably as it should be. For that reason I am opposed to the income tax as proposed in this budget. I feel that those in the lower income brackets should be relieved of much of their taxation, and I am also in favour of the compulsory savings portion of the income tax which has hitherto been in effect being continued if certain amounts of revenue have to be raised. I believe that it would be much better to maintain the compulsory savings feature and alleviate the income tax on the lower income groups. I believe that that would be much sounder and that it would accomplish the minister's ends much better.

I also believe that in the interests of this country income tax on pay for overtime should be abolished. When people work overtime they are entitled to a little breathing space so far as income tax is concerned, and with the country needing extra production the minister would be well advised to drop the income tax on overtime earnings.

Mr. ILSLEY: May I ask the hon. gentleman a question? If overtime were relieved from taxation, would he suggest that the money that the farmer earned because of overtime work be also freed from taxation, and, if so, how?

Mr. FAIR: The minister is admitting now for the first time that the farmer does work overtime. If he wants to base it on that I shall have an answer for him on another occasion. But this is the first time I ever heard the minister admit that the farmers work overtime.

Mr. ILSLEY: I have never denied it.

Mr. FAIR: Then why not see that the farmer gets a little pay for his work?

Mr. ILSLEY: I have no objection at all.

Mr. FAIR: And his wife and children should not be forgotten.

I shall refer only briefly to family allowances because Mr. Speaker would rule me out of order if I dwelt upon that subject, but the minister made reference to it in his budget speech. I accuse the Minister of Finance of stealing some of our platform. I am also going to accuse him of calling this provision family allowances and of paying these allowances under a system that should not be in existence. We advocate a dividend for all, paid with debt-free money. The minister advocates allowances for children up to a certain age, and paid for either with debt money or by taxation. His proposal amounts only to a redistribution of the poverty we still have in this country. The programme is not wide enough, and, when the minister studies things a little longer, I believe he will see that there is a better way of putting his plan into effect.

I consider that the old age pensioners have been neglected. A short time ago an amendment was made to the regulations to permit an old age pensioner to earn up to $125 a year without any deduction being made from his $25 a month pension. When a man or woman reaches seventy years of age there should not be any restrictions on the amount of money he or she may earn because, if they are ambitious and strong enough after all those years of toil to go on working, they should be free to earn all they can without affecting the amount of their pension which should be $50 a month at sixty.

Another problem that we have in this country is our educational system, and perhaps there is a reason for keeping it in existence. The taxes imposed on business are always charged back to the farmer, so that the farmer is the basic taxpayer of the country, and he is overridden by taxation at the present time. Our municipalities and provincial governments cannot supply an adequate system of education under our present taxation system, and if we want competent teachers to stay in the teaching profession grants will have to be made by the dominion government to the provinces and these grants will have to be administered by the provinces in the interests of Canada as a whole. Our educational standard is not high enough. It is better perhaps than in some other countries; but why compare a poor system of education with one that is poorer? The best that we could have is none too good for Canada, particularly when Canada could well afford a better educational system if only our affairs were properly managed.

Some proposals have been brought down with respect to a health programme. These are long overdue. I should like to see different means brought about for financing these health services. Of course, I am well aware that the health services are yet only on paper and that it may be some time before they are a reality, but I hope we do not have to wait long for these health services, which Canada can well afford to put into operation.

I come now to agriculture. I must not forget that, particularly because the Minister of Finance has given the farmers some consideration in this budget. In his budget speech at page 4184 of *Hansard* I find this:

> Canadian agriculture will be faced with important opportunities in the post-war period and if it is to take full advantage of them, its costs of production should be at the lowest practicable level. Recognition of this fact was given by the farm improvement loans bill and several important provisions of the bill for the extension of the bank charters now under consideration by the banking and commerce committee. These measures have as one of their most important objectives the provision of credit facilities to farmers which will enable them to purchase agricultural implements at the lowest cost on a cash basis. With the same end in view, the government believes it appropriate to provide at once and without waiting for the completion of reciprocal arrangements with other countries for the removal of all customs duties on agricultural implements. It is therefore recommended that agricultural machinery, including cream separators, and parts thereof, be made free under all tariffs. While it is impracticable from a revenue standpoint to remove the war exchange tax on the general range of commodities, the war exchange tax on agricultural machinery and cream separators and parts thereof is being removed along with the customs duties.

On behalf of farmers all over Canada I say to the minister, "Thank you for removing those custom duties and the war exchange tax". I feel that they should never have been put

on. I do not think there was any excuse for it. Agriculture was down in the gutter and being stepped on right along, and those things are just further impositions to keep the farmers down where they should not be.

In connection with credit facilities to purchase farm implements, the rate of interest in the past was too high; it is still too high; and any benefits which may accrue through the farm improvement loan bill can speedily be offset by an increase in the prices of the implements we have to buy. It is my belief that the implement business has been a racket for a number of years. My suspicions were confirmed by the committee which, I think in 1938, investigated the farm implement business. So that if the government would see to it that unnecessary profits were not reaped from this business it would do agriculture a great service. I feel also that the farmers are being turned over once again to the bankers, with part of the credit guaranteed by the government, so that we can see where the government's friends come in.

I am glad that the Minister of Agriculture (Mr. Gardiner) is in his place. I have here quite a few figures which support statements made by me on several occasions that the farmers are being robbed through prevailing prices for their agricultural produce. This government came into office in 1935. They were in full control of prices during the crop years 1935-36 to 1942-43 inclusive, and farmers did not live any too prosperous a life during that period. I admit that at the moment conditions are better than they were in 1935; but why should one be expected to compare conditions which are not up to standard with poorer conditions? In 1935-36 the farmers of Canada marketed 216,273,373 bushels of grain at a price of 87½ cents a bushel. Had we received what we were entitled to, the price paid would have been $1.60; that is, if we were given the same treatment as organized labour, and who will argue that we are not entitled to similar consideration? I am stating this because organized labour was allowed the highest level of wages between 1926 and 1929. Using the 1926 to 1929 figure for fixing our parity price—and I do not agree that that is the proper period to be taken for this purpose—we should have received $1.41 a bushel for our wheat. This means that upon that crop alone we did not receive $116,579,373 to which we were justly entitled. That is based on the 1926-29 period, when the farmers received 16·6 per cent of the national income, although constituting approximately one-third of the total population. In tabulated form the figures of wheat sales for the crop years 1935-36 to 1942-43 are as follows:

Year	Bushels sold	Price	Suggested parity	Amount not received
1935-36	216,273,373	.87½	$1.41	$116,579,373
1936-37	165,628,731	1.22		32,087,322
1937-38	125,471,078	1.31		12,913,533
1938-39	290,539,457	.80		179,189,417
1939-40	427,312,750	.70		306,740,947
1940-41	458,382,611	.70		329,093,741
1941-42	227,854,572	.70		164,590,378
1942-43	268,219,159	.90		139,403,292
				$1,280,598,003
Less wheat board payments				60,000,000
Loss to farmers based on $1.41 per bushel				$1,220,598,003

So that when some people tell us that the farmers are living in clover during the war years, I say that such people had better study the problem all over again. The figures I have given cover wheat only; if we go into other products, here are some prices to which we are justly entitled but which we are not getting. In the case of oats—based again on the same terms for labour—we should receive 69 cents a bushel, and we are receiving 61½ cents. For other products the corresponding figures are: barley, 79¾ cents instead of 90 cents; flax, $2.75 instead of $3. Again let me point out that if we were getting parity prices the figures should be based on the period 1915-19 instead of 1926-29. In the fourth year of the last war wheat averaged $2.24 a bushel, and up to the present time our high price this year is $1.25. Perhaps I should quote the prices for the various crop years: in 1935-36 87½ cents; in 1936-37 $1.22; that is on the open market, there being no wheat board purchases; 1937-38, $1.31 on the open market. In 1938-39 the initial price of wheat dropped down to 80 cents. In 1939-40 we were threatened at first with a price of 60 cents a bushel, which would have netted farmers for the top grade of wheat a little over 40 cents, but this was finally

raised to 70 cents. In 1940-41 and 1941-42 the price of 70 cents was maintained. In 1942-43, after more than 400 farmers and other business representatives came from the western provinces to interview the government, the price was raised to 90 cents; and only last September, for the crop year 1943-44 the price was increased to $1.25, guaranteed.

For the purpose of computing income tax a five-year instead of a two-year period should be used, because there are plenty of ups and downs in the farming industry. While a farmer might break even or even make a little profit in one or two years, over five years he might experience a considerable loss.

Another question, which I believe is receiving the consideration of the Department of National Revenue, is that of taxation on payments we are getting from the wheat board on the 1940-1941 and 1942 crops. I notice that the Minister of National Revenue (Mr. Gibson) is present. I would point out to him that we farmers, while waiting for our money from the wheat board, were paying interest on debts which should have been discharged with this wheat board money, also paying storage on the grain and interest on the initial payment. During the years 1940, 1941 and 1942, income taxes were much lower than they are at present, and it would be entirely unjust to require the farmers to pay the high rate of tax which prevails on incomes at the present time. I understand that the committee is working on this matter, and I hope the point I have raised will be taken into consideration. Last year I asked the Minister of Finance to exempt farmers entirely from the income tax brackets until the injustices that prevail are removed. He did not see fit to do so, and I am renewing that request to-day.

There are other things that are not satisfactory. For instance, there is hog grading. We had a change of system which is very good, but it is not working out in dollars and cents from the point of view of the farmer. Someone near by says that it has been fixed up for him as a start. That may be another way of fooling the farmers a little longer. The packers who finally handle the hogs when they are ready are guaranteed the full amount of profits, and the farmer gets what is left, or a certain share of it.

There are other things to be fixed up and I trust the Minister of Agriculture will see to it that a number of them are attended to. The same thing is going on in connection with the beef cattle market. The farmers are not satisfied with the services that are being rendered. Wool prices are in the same unsatisfactory condition. While last year the minister made comparisons with prices paid in the United States, his argument did not hold very much water, because he was arguing on the basis of our wool being shipped to the United States and sold there. My argument is that there is no reason why our wool in Canada should not bring as good a price here as United States producers receive there for their wool, because in most cases they buy at a better price than we are allowed to buy at.

We are told that when we have legislation providing floor prices under agricultural products everything will be all right. I can agree with that, provided that the floor is placed at the proper level. If it is placed in the basement, or if the basis for fixing prices is taken on what prevailed during the depression years, in 1932, for example, when farmers received five per cent of the national income, then we might as well have no floor. We have to get to the point where the farmers will have their proper share of the national income before we shall have a proper adjustment basis. In that connection I might say that we have on the order paper a resolution which has been standing there since February 7 in the name of the hon. member for Bow River (Mr. Johnston) as follows:

> Whereas agriculture has seldom received its fair share of the national income of Canada;
>
> And whereas the cost of producing all agricultural products varies considerably from year to year;
>
> Therefore be it resolved,—That, in the opinion of this house and in the interest of the nation as a whole, the government be requested to set the prices of agricultural products at such a level that it will guarantee to the farmers of Canada such a yearly percentage of the national income as will have the same relation to the national income as the agricultural population bears to the national population of Canada.

On these grounds I believe we shall get that which is properly coming to us, but while we continue to figure on some false foundation there is no possibility in the world of Canada becoming the nation it should be. There is no reason either why the farmer should be treated as the poor relation. The farmers are finally waking up to the fact that they are not receiving just treatment. Perhaps that is why our Saskatchewan friends cannot agree with the reading of speeches in the house or even speeches delivered in any other way by some hon. members, because the farmers of that province not very long ago told the government in very plain terms that they were not satisfied and that something had to be done. When I say that I do not mean that the farmers of Saskatchewan and the businessmen out there voted for socialism. They were simply not satisfied with the machine they had. They did

not think it was giving them what they wanted and they thought they would break the machine and then get the necessary changes. I believe the farmers of Saskatchewan want security with freedom just as the rest of us do, and perhaps in the very near future we shall have things built up in that province on a more satisfactory basis.

Dealing again with the old soldier settler problem, I suggest that we have to continue pressing for this, particularly because of certain articles that appeared in the *Legionary*, the official organ of the Canadian Legion. I have seen the May issue, which contained a bitter attack upon the requests that have been and are being made by soldier settlers for clear titles to their land. It was written by a civil servant of the government, who, I understand, went to the legion convention and got in his work there. He wandered into a committee room where a committee was dealing with the resolution on soldier settler business, and burnt-out veterans, and said that he hoped he was not intruding. When the facts are known I think it will be seen that he was intruding and that he is not wanted by the soldier settlers of Canada. I cannot place all the blame on this particular civil servant. The minister in charge has to accept his responsibility also, and if the Veterans' Land Act which is being administered at the present time is to be a success, then the business of the old Soldier Settlement Act and the Veterans' Land Act must be removed from the charge of the Minister of Mines and Resources and a different man put in as director. I am quite satisfied that we shall not and cannot have a satisfactory administration while the present set-up exists there.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 16, for the relief of Pinnie Rosenhek Leopold.—Mr. Casselman (Grenville-Dundas).

Bill No. 29, for the relief of Joseph Ulric Edouard Burns.—Mr. Hill.

Bill No. 51, for the relief of Goldie Anker Lazanik.—Mr. Boucher.

Bill No. 58, for the relief of Adélard Bélanger.—Mr. Hill.

Bill No. 81, for the relief of Alice Robert Rajotte.—Mr. Hill.

[Mr. Fair.]

Bill No. 113, for the relief of Frances Eleanor Campbell Coleman.—Mr. McIlraith.

Bill No. 114, for the relief of George Igaz.—Mr. Casselman (Grenville-Dundas).

Bill No. 115, for the relief of John William Frank Draper.—Mr. Emmerson.

Bill No. 116, for the relief of Sam Sokoloff.—Mr. McIlraith.

Bill No. 117, for the relief of Léon LeBrun.—Mr. Macdonald (Brantford City).

Bill No. 119, for the relief of William Taffert.—Mr. McIlraith.

Bill No. 120, for the relief of Belle Bailey Leibovitch.—Mr. McIlraith.

Bill No. 121, for the relief of Gertie Shulman Friedman.—Mr. McIlraith.

Bill No. 122, for the relief of Sarah Slutsky Shapiro.—Mr. McIlraith.

Bill No. 123, for the relief of Jessie Dickson Mackie Toy.—Mr. Hill.

Bill No. 124, for the relief of Angele Pauline Edgar Marie Lambert Choux.—Mr. Fulford.

Bill No. 125, for the relief of Margaret Kathleen Hollenbeck Fortin.—Mr. Fulford.

Bill No. 126, for the relief of Hulda Von Koughnet Lynch-Staunton.—Mr. Boucher.

Bill No. 127, for the relief of James MacMillan McHale.—Mr. Homuth.

Bill No. 128, for the relief of Vernon Ross Aiken.—Mr. Boucher.

Bill No. 129, for the relief of Frederick Richard Channon.—Mr. Factor.

Bill No. 130, for the relief of Ernest Charles Hazard.—Mr. Whitman.

Bill No. 118, respecting the General Missionary Society of the German Baptist Churches of North America, and to change the name to the North American Baptist General Missionary Society.—Mrs. Casselman.

SECOND READINGS

Bill No. 140, for the relief of James Russell Popham.—Mr. McIlraith.

Bill No. 141, for the relief of Norma Segal Katz.—Mr. MacInnis.

Bill No. 142, for the relief of Harold Almond Jelley.—Mr. Douglas..

Bill No. 143, for the relief of Josephine Kurys Kulczycki.—Mr. Whitman.

Bill No. 144, for the relief of Shirley Harte Harvey Payne.—Mr. Hill.

Bill No. 145, for the relief of Pearl Anneta Benn Russell.—Mr. Whitman.

Bill No. 146, for the relief of Joseph Adélard Paul Begin.—Mr. MacInnis.

Bill No. 150, for the relief of Eugène Charron.—Mr. Macdonald (Brantford City).

No. 151, for the relief of Lillian Bessie Noall Salmon.—Mr. Hill.

Bill No. 152, for the relief of Joan Helen Gorham Glover.—Mr. Emmerson.

Bill No. 153, for the relief of Elsie Hollingsworth.—Mr. Casselman (Grenville-Dundas).

Bill No. 154, for the relief of Louis Joseph Jules Laurencelle.—Mr. Macdonald (Brantford City).

Bill No. 155, for the relief of Freda Altman Scheien.—Mr. Factor.

Bill No. 156, for the relief of Ivan Walter Moore.—Mr. McIlraith.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and on the proposed amendment thereto of Mr. Rowe.

Mr. FAIR: When the house rose at six o'clock I had commenced to deal with the problem of soldier settlers who settled on the land after the last war. I had made one or two recommendations and I do not intend to deal with this matter in detail this evening, because several members including myself have dealt with it in detail on other occasions.

On June 14 I went into this matter very fully and I feel that the government is now well aware of the conditions existing. It is sufficient at this time to say that after the end of world war No. 1 some twenty-five thousand veterans settled on the land. After twenty-five years we find that just over four thousand of those have obtained titles and that at the end of March of this year 6,153 still remained on the land, being indebted to the extent of some $7,700,000. I am making a further plea to have clear titles granted to those people.

Under the present set-up of the Veterans' Land Act, 1942, the free grant provided for those settlers amounts to approximately thirty-nine per cent of the total amount expended by way of credit. At the present time the 6,153 are still indebted to the board to the extent of only twenty-nine per cent of their original debt. If this amount is forgiven, if clear titles are issued, those old soldier settlers who were settled on the land under the improvised scheme will not receive nearly as much as those who are to be settled under the Veterans' Land Act. Under the new measure the persons affected are asked to pay off only sixty-one per cent of their total indebtedness. I think the government might very well take this into consideration, when they deal in the near future with the problems of old soldier settlers.

My time has almost expired, and with what is left of it I shall refer to only one or two further matters. I would speak first about our national debt. I believe that, since confederation, in only fifteen or seventeen years have we had a balanced budget, or a surplus. Yet we have been told by the present Minister of Finance that we can and will pay off our national debt. The only way I can see in which that can be done under our present system is by refunding or by renewing the old notes. That is not good enough, because the interest being paid is eating up a lot of the money which should be used for social services, and other things for the welfare of the people.

I say, therefore, that some new system of financing will have to be devised; otherwise we shall soon be the total slaves of our financial system. The main function of the government, as I see it, is, first, to win the war and, second, to make preparations for winning the peace. We have been told time and again that unless those preparations are made before the end of the war, it will be too late. On several occasions we in this group have recommended that certain changes be made in order to make that preparation for winning the peace. To do this, our basic industries—and, first of all, agriculture—will have to be placed on a sound footing. That is one thing which has not yet been done in Canada. All sections of the country and all occupational groups must be treated fairly and equitably; otherwise we cannot have a prosperous or contented people.

If hon. members want any illustrations of this, let them note how the farmers have been treated in the past, and then compare that treatment with the treatment given bankers. I believe one of the best exhibitions of the way in which bankers have been treated has been shown in the banking and commerce committee in the last weeks. What has happened in that committee has opened the eyes of the people of Canada. They have found out just what is going on along those lines. The battle against the money powers, which was promised by the Prime Minister (Mr. Mackenzie King) in 1935, is being fought and lost, so far as the people of Canada are concerned.

I hold in my hand a clipping from the Saskatchewan *Cooperative Consumer* of March 15, 1940. I believe this is well worth reading this evening, and I am reading it particularly because we have heard a number of government supporters tell us just what a great man the Prime Minister is. This article will, I believe, state my case just as well as

I could in my own words. The article is headed "That Astonishing Person"—and I am adding the words "The Prime Minister". It is as follows:

This parable, by an unknown author, illustrates the sad dilemma into which civilization has drifted.

"Man can circle the earth without touching the ground; men can kill other men twenty miles away; man can weigh the stars of heaven; man can drag oil from the bowels of the earth; man can compel an icy waterfall to cook his meals hundreds of miles from the stream; man can print a million newspapers in an hour; man can breed the seeds out of oranges; man can coax a hen to lay 365 eggs in a year; man can persuade dogs to smoke pipes and sea lions to play guitars. Man, in other words, is quite an ingenious and remarkable package of physical and mental machinery.

But, when this astonishing person is confronted with one problem, he retires defeated to his hut. Show him six men without money and six loaves of bread belonging to men who cannot use it, but who want money for it, and ask him how the six hungry men can be put in possession of the six surplus loaves and watch him then. It is then that—"

The Prime Minister—

"—attends conferences and appoints committees cries out that a crisis is upon him. He does and holds elections and makes speeches and a score of useless things and then retires to his hut, leaving in the shivering twilight the tableau of the six hungry men and the six unapproachable loaves."

Mr. BLAIR: Poppycock.

Mr. FAIR: In order to get the Prime Minister out of this dilemma I am going to suggest just one solution. There is only one way in which he can get out of that terrible mess into which he has got himself, and which he apparently does not seem to be able to get out of. The answer is: Social credit. There is no other way out of it. I can find no more suitable words with which to finish my speech this evening than to ask the Prime Minister to put into effect a genuine social credit policy, and give the people of Canada economic security with freedom.

Mr. A. M. NICHOLSON (Mackenzie): Mr. Speaker, while I do not share the social views held by the Minister of Finance (Mr. Ilsley), yet I believe that if the war effort of Canada is to be financed according to orthodox methods, then in the present minister we have as fair a servant of the people as could be found.

When one considers the record of the present government, since a minister of finance presented the first war-time budget in 1939, he must be impressed by what the people of Canada have done under the stress of war. The minister has exploded pretty completely the theory that the efforts of any nation should be limited in any way by the amount of gold available in bank vaults, or any other place. It has been demonstrated that whatever is physically possible can be made possible by a nation in war time.

We see that while in 1939-40 the total peace-time requirements were only $308,000,000, in the next year those requirements had increased to $390,000,000, while in the next year they were $444,000,000 and in 1942-43 were $561,000,000. The estimated amount for 1943-44 is $630,000,000. But if one looks into the war-time expenditures he finds that they have been increased from $118,000,000 in the first year to $752,000,000 in the next, $1,339,000,000 in 1941-42 and over $3,324,000,000 in 1942-43. In the present year, 1943-44, the amount is $4,624,000,000.

Then, when one considers the expenditures of one department, such as the Department of Munitions and Supply, he finds that those expenditures have increased from $79,000,000 in 1940-41 to $725,000,000 in 1943-44, or almost ten times as much in four years.

When one takes note of these very large expenditures he might think that hon. members would have been able to support the subamendment proposed by the hon. member for Rosetown-Biggar (Mr. Coldwell), the leader of the Cooperative Commonwealth Federation. May I say in passing that while I support the amendment offered by the official opposition, I should like to have it clearly understood that if I had to choose between having as Minister of Finance the present minister and having as minister the financial critic of the official opposition, I would much prefer retaining the present minister. If one considers the amendment submitted on behalf of the Conservative party he will see it is obvious that it does not really deal with anything fundamental. The first clause reads:

That no adequate steps have been taken to simplify the forms and modernize the methods of taxation.

I hope when we are in committee the mover of that resolution will submit a form that will be simple enough to enable the administration to collect money from the taxpayers by a painless method. The official opposition found it impossible to support the subamendment, which reads:

This house regrets, further, that the government has failed to make provision or plans for the expenditure of, at least, five billion dollars during the first two post-war years for the purpose of establishing a comprehensive national system of social security and of maintaining full employment through public investment in such projects as a low-cost housing programme in town and county, rural electrification, the conversion of government-owned war plants to the production of peace-

time goods, the public development of Canada's oil and mineral resources, the promotion of scientific research, and artistic and cultural work throughout Canada.

The fact that the official opposition was unable to support that amendment indicates pretty conclusively that they really did not believe in an alternative to the methods now being presented by the Minister of Finance.

Mr. GRAYDON: You had only one speaker who rose and supported it.

Mr. NICHOLSON: The official opposition did not give us any support; to a man they voted against it.

Mr. COLDWELL: We said all that was necessary to say.

Mr. GRAYDON: You spoke, and of course that answered it all.

Mr. NICHOLSON: It was pretty clear that the so-called Progressive Conservative party is really as Tory as ever with the Meighens and the people of King and Bay streets, Toronto, controlling the policy of this newly named political party. When one considers the very large government appropriations in times like these; when one considers that this year the federal government will spend over four billion dollars in directing Canadian production, he must realize that if this country is not going to guarantee an expenditure of at least two and a half million dollars for the first two years after the war is over, then Canada will slide into the worst depression we have ever known in our history.

Some time ago one Progressive Conservative suggested that the synthetic rubber plant at Sarnia should be left to free enterprise. While there are several large companies interested in the management of this plant, there was no private enterprise prepared to expend $48,000,000 to experiment in producing a substitute for natural rubber. The people of this country collectively supplied that money. Now that it has been demonstrated that a product which compares favourably with natural rubber can be made in large quantities, a product that promises to be an important factor in Canadian economy when the war is over, we see what must be the policy of this government when the war is over.

Is the government to hand this industry over to free enterprise? Are we to have one synthetic rubber plant or are we to have five or ten? Are ten times $48,000,000 or ten times the amount of material and labour used in the construction of this plant to be expended in the building of unnecessary enterprises? I submit that unless the administration of this country is prepared after the war to continue the spending of large sums of money, then Canada will not be able to provide full employment for those in the armed services and those now working in war industry.

I think the minister has overlooked the importance of popularizing some of the work done under his direction. While some years ago he boasted of his faith in free enterprise, he found that it was imperative to have control of foreign exchange, to set up the wartime prices and trade board, to have rationing and priorities. As I say, I think it is unfortunate that more publicity has not been given to the important functions carried on by these branches under the Minister of Finance and the part they have played in our national economy. Instead of allowing those who have been cramped by these regulations to count the days until the war is over, until they will be free from these controls, until prices will rise without any restrictions, until the sky will be the limit in the making of profits, we should be giving the public the details of what has been done. The minister should endeavour to bring the public with him in supporting these controls, not only in war time but after the war is over, because the danger of inflation will not disappear with the firing of the last gun and the signing of the peace treaty.

I wish to use most of my time to-night to discuss a subject which I think will be a very important one in the post-war period, a subject which unfortunately has not received the attention it should have received in parliament. Since the war started very few members have taken the time to discuss the place that housing plays in the life of Canada. I should like to congratulate the government—the members of this group do congratulate the administration from time to time—upon the excellent report on housing and community planning which was tabled on March 24 and which has recently been printed.

In January, 1943, the administration set up a sub-committee on housing and community planning as part of the advisory committee's work on reconstruction. Professor C. A. Curtis, professor of economics of Queen's university was chairman, and E. R. Arthur, professor of architecture, university of Toronto, was a member. Mr. J. S. Galbraith; Mr. F. W. Nicolls, director of housing, Department of Finance, Ottawa; Mr. J. M. Piggot of Wartime Housing Limited and a number of others were also members. Doctor Marsh acted as research adviser and Doctor Firestone also did valuable research work, as did Mr. Greenway of the dominion bureau of statistics. Never before in Canada have we had such a comprehensive study of housing legislation in the

different provinces and communities. It contains some very useful suggestions and suggests a pattern of the things to come. I should like to remind the house that while Canada has had a great abundance of lumber, cement and other building materials, our housing achievements have been anything but spectacular.

Housing legislation in Great Britain dates back to 1851. The first legislation passed in that year was based on the findings in the Chadwick report. Apparently in those days in Great Britain it took some time to get things done. That report was tabled in 1838 and it took about thirteen years to get action, but by 1851 they had legislation on their statute books and had made a real start toward the clearing of their slums.

A start was made some years ago in the United States, and when I last discussed the question of housing I devoted a great deal of time to describing some of the housing projects I had seen in Boston and in the green belt in Maryland. I want to make it clear that they have not solved their housing problem in the United States. In all their large cities there are slum areas which are eyesores to the people who have to live in them. The cost of maintaining those slums is a very important factor in the taxation structures of the communities, but in Canada we have a very short history in the field of housing.

During the last war the government recognized that you could not have full production if men working in war factories had to travel many miles to and from work, or if three or more families had to live in crowded quarters. It was realized that an appropriation would have to be made to relieve the housing shortage. But following the war it was not until 1935 that the Dominion Housing Act was passed. The results of its first two years of operation were quite disappointing. By 1936 only 936 units were built, but the following year this number was doubled and some experience was acquired which convinced the people of the country that some improvement should be made in the act. Later, in 1938, the National Housing Act was passed. That act has made it possible for people in the higher income brackets to acquire a house at lower costs than previously prevailed. By advancing twenty per cent of the cost and only ten per cent for the lower price houses, people were able to acquire ownership of homes on monthly payments amortizing principal, interest, insurance and taxes which did not amount to much more than they would have had to pay for rent. But the National Housing Act has not relieved the situation in some areas. It has not made any appeal to the people in the lower income brackets. There are very few lower paid workers who are ever in a position to advance even the ten per cent necessary to get them started owning their own homes.

Since the war started we have had Wartime Housing Limited, which has relieved the pressure in some of the larger industrial areas, but we cannot view that experiment as having solved anything. Many of the houses built under Wartime Housing were of a temporary nature. The undertaking was given that they would be demolished after the war, so that they would not become slum areas, but experience has proven that temporary houses are never demolished as long as less desirable houses are being occupied. With very few exceptions where these wartime houses have been built there is a shortage of permanent houses, and it is hardly conceivable that any administration will compel people to move out of these wartime houses into the public parks so that these hastily built houses may be demolished. They have not been built with a view to permanence, although the Minister of Munitions and Supply (Mr. Howe) indicated on occasions that basements for them would be constructed and some attempt made to have them become permanent houses.

When members consider the very large shifts in population that have taken place since the war started they will appreciate the immediate problem of having quarters available for our heroes when the war is over. Many of these young men got married just before enlisting and going overseas. Their brides stayed on with their families. It is not good enough to ask these young people to wait for four or five or six years after the husbands return before they will be able to get into quarters of their own.

In Halifax, for example, the number of employees in 1939 totalled something over 8,000, and in 1942 over 16,000, an increase of over 108 per cent. In Saint John the number of workers increased from 6,000 to 11,000 between 1939 and 1942, an increase of seventy-eight per cent; in Quebec, an increase of ninety-eight per cent; in Montreal, an increase of forty-nine per cent; and further increases were: in Ottawa, forty-seven per cent; Toronto, fifty-six per cent; Hamilton, seventy-one per cent; London, twenty-nine per cent; Windsor, 121 per cent; Winnipeg, thirty per cent; Vancouver, eighty per cent, and Victoria, ninety-five per cent. The total

increase in these twelve metropolitan areas was from 521,000 in 1939 to 826,000 in 1942, an increase of 305,000.

The instructions to the committee were issued in January, 1943. Here we are in the first week of July, 1944. We have this excellent report, but we have no machinery at Ottawa or in the provinces to start the real task of building houses when materials are available after the war. I think the time is long past when the administration should have announced in detail its housing plans. While some criticism might be made of this report I want to urge the administration to implement it, making whatever changes in it they think desirable, but without further delay to announce its plans for housing to the house and have some of the suggestions contained in this report carried out.

It is imperative that the federal administration should make known its plans with respect to town planning. Since the start of the war there has been a very large movement of population to cities like Hamilton, Windsor, Halifax, and the people of these cities naturally wonder whether this influx of people is to be permanent or whether the people will be returning to the prairies or some other part of Canada. It is pointed out in this report that at the time of confederation Canada did not have any large metropolitan areas. Winnipeg, one of the largest cities in the west to-day, at that time had a population of about 200; Moncton, now a busy city, had a population of only 500. There were three fairly large centres at that time: Montreal with a population of 130,000, Quebec with 59,000 and Toronto with 59,000. Ottawa at that time had a population of about 20,000. While Halifax has a very long history, it had then a relatively small population. At the time of confederation those wise fathers of confederation did not anticipate that Vancouver, Toronto and Montreal would in the course of seventy-five years grow to the very large centres they have become, and accordingly did not provide for dividing the responsibility between the dominion and the provinces in regard to town planning and housing. We have not yet determined whether an extensive housing programme should be the responsibility of the federal government, provincial governments or municipal governments. The question has been a convenient football to be kicked around from one administration to another on the ground that the British North America Act did not clearly define the responsibility.

Therefore I suggest that without further delay a conference of the nine provinces with the dominion should be called, with representatives also from the cities and rural municipal organizations across Canada, to discuss the one, single problem of housing with a view to reaching an agreement for the setting up of machinery after the war to relieve the housing situation, so that men now engaged in the construction industry building factories and war plants will be available to go into high gear building homes for our people.

One interesting section of this report deals with farm housing. Again I am grateful that at last a department of government has recognized that people on the farms in this country deserve better houses than they have hitherto had. I find, according to one of the bulletins issued by the bureau of census on farm dwellings in Canada, that in Saskatchewan where I live only one farm house out of 100 has running water; in Manitoba, two out of 100; Alberta, three; Prince Edward Island, nine; Nova Scotia, fourteen; New Brunswick, eighteen; Quebec, twenty-five; Ontario, fourteen; and British Columbia has the largest proportion, with thirty-four out of 100.

The situation with respect to electric lighting is similar. Saskatchewan has the worst record in that respect, with only five homes out of 100 having electric lighting. British Columbia has the best record, with thirty-six out of 100. In Saskatchewan, where we have plenty of frost in the winter time and people should be able to store up some ice for summer use, owing to depressed conditions over many years only seven farms in every 100 have mechanical and ice refrigeration.

In connection with the value of farm dwellings, I find that in Saskatchewan the value of the average farm house is $950. New Brunswick, however, has the poorest record in this connection. It has produced very large quantities of lumber, and it should have been possible to acquire some paint there, but the average value of dwellings in that province is only $861. Values in the other provinces are: Prince Edward Island, $1,049; Nova Scotia, $953; Quebec, $1,019; Ontario, $1,421; Manitoba, $966; Alberta, $999; British Columbia, $1,173. Hon. members will be interested in knowing that in the cities in these different provinces people have much better houses. For example, in Halifax ninety-eight per cent of the houses have running water; in Quebec city, 100 per cent; in Regina, eighty-four per cent; Saskatoon, seventy-six per cent. As regards houses equipped with baths or showers, the proportion per hundred in Halifax is seventy-three; in Saint John, New Brunswick, sixty-three; in Regina, sixty-four; in Saskatoon, fifty-eight.

The fact that the people on our farms in all parts of Canada have been obliged to sell their products at such low prices and have had to pay high prices for farm machinery and other manufactured goods has been largely responsible for the small amounts made available for housing.

In the November, 1943, issue of the *Economic Annalist,* published by the Minister of Agriculture (Mr. Gardiner), there is an interesting report of a survey made in several parts of Saskatchewan; in the prairie area, where we have our good farm lands; in the park area, where we have good lands too but where a good deal more work was involved in clearing the land; and in the pioneer areas, where the heroes of the last war were obliged to eke out a living. In this survey the houses were classified as "poor", "fair" and "good". In deciding whether a house would go into these different categories, the enumerators noted poor foundations, faulty roofs, lack of paint, windows missing, et cetera. In the best area in Saskatchewan only 6·1 per cent of the houses were classified as good, seventy per cent as fair, and twenty-three per cent as poor. In the park area, 9·6 per cent were classified as good, fifty-eight per cent as fair, and thirty-one per cent as poor. In the pioneer area, only 3·7 per cent were good, thirty-nine per cent were fair and fifty-six per cent were poor. In one of these areas—the pioneer area—the average value of the poor houses is given as $207. I am amused, when members of the Progressive Conservative party outline ambitious programmes of housing, to recall the attempts which were made under the premiership of Viscount Bennett, when he was here, to re-house our farm people. We had in Canada in those days plenty of carpenters, lumber and paint. The only thing which seemed to be lacking was gold. Because we were short of money the farmers were not able to acquire lumber. The average value of the poor house in the pioneer area of Saskatchewan was, as I have said, $207. The fair house was valued at $524.

Mr. HOMUTH: Why pick out Bennett? What about the government in power from 1935 to 1939; what did they do about it?

Mr. NICHOLSON: As I explained on a previous occasion, the new administration from 1935 to 1939 were more generous.

Mr. HOMUTH: You traded a horse for a rabbit.

Mr. NICHOLSON: The houses built during the Bennett regime in northern Saskatchewan were on a $50 unit basis. Engineers and architects were engaged to draw up blueprints to explain how a $50 house could be constructed, where the windows should be; and you were required from this $50 to pay for the lumber, the nails, the windows, the roofing and the floors—everything for $50. But the new administration in 1935 increased the amount from $50 to $75.

Mr. HOMUTH: They supplied the nails.

Mr. NICHOLSON: You can build a much better house for $75 than for $50, but it is still a $75 house. The nation which this year is going to spend very large sums of money did not seem able to visualize a more ambitious programme for carpenters and other men in the building trade, who had committed no crime, who were the victims of unemployment. It was the men in the building trade who were hit the hardest. I have in mind three ex-servicemen of the last war who were carpenters in Regina, who came north to my constituency, and were assisted by the administration of the day—$100 each from the federal government, the provincial government and the city administration—to build fifty-dollar houses. These three men are fighting to-day for the second time in their lifetime and their sons are serving with them. Some people argued a few years ago that these men were lazy and good for nothing, but they demonstrated before and are demonstrating again that they are made of the very best stuff.

Mr. HOMUTH: Who said they were lazy?

Mr. NICHOLSON: We heard it in the house.

Mr. HOMUTH: The only member who ever said that the unemployed were lazy was the hon. member for Wellington North.

Mr. NICHOLSON: Apparently it was the policy of both administrations to keep the people ground down, living in these log shacks, without floors or adequate windows, for they had no other way of getting the wherewithal to build a house. Although they could get lumber at $5 a thousand cut from trees on their own farms, they could not get from the administration $5 a thousand to cut lumber to put partitions in their houses.

Therefore, it is encouraging to find that some recognition has been made of the deplorable conditions on the farms in Canada. In this connection I note some comments regarding the case for farm electrification:

> The report of the Manitoba electrification inquiry commission has made the most substantial contribution to understanding of the subject and to the material needed for formulation of policy, in recent times. Its considered judgment is that electricity on the farm has profound and far-reaching effects upon the social as well as upon the economic aspects of farming. It reduces drudgery upon the farm as it has done

in the factory; it increases income; reduces costs of production and, by removing the disparity between the rural and urban way of life, brings a large measure of contentment to people on the farm.

I hope that this administration will be able to carry its pious hopes into practice. I wish that hon. members to my right would support the C.C.F. in our drive to have $2½ thousand million spent each year for two years after the war is over, with a view to having rural electrification carried out.

Mr. HOMUTH: After the next election you will be supporting us.

Mr. COLDWELL: What optimism!

Mr. NICHOLSON: It is going to be difficult to convince men in the training centres—on Vancouver island, in Newfoundland, on the prairies, at Dafoe—where they have running water and electricity, electric slaves to do much of their hard work, that although we could build power lines, although we could electrify the country during these years, when there was a shortage of man-power, it will be necessary because of the want of money, for them to tighten their belts when they come back and return to the conditions that prevailed in the days of the coal oil lamp. While I was in Saskatchewan recently I visited Island Falls in my riding where we have a large power development. Electricity is so cheap there that the houses are electrically heated and lighted and the citizens have every modern convenience that electric power can furnish. When you think how electricity has transformed that northern country, what it has meant in the development of the Flin Flon, you naturally long for the time when all the people on our farms will have the right to the use of electric washing machines and electrical appliances of all sorts in their homes. The two and a half billions suggested by the hon. member for Rosetown-Biggar (Mr. Coldwell) would make available an appropriation so that power lines could be put at the disposal of the people in all parts of rural Canada. But if we are to wait for the farmers to launch the programme they will be in the position where they will not know whether farm prices will fall to very low levels again. It is true we have been promised a floor under farm prices, but we are still waiting for details, and unless the administration is more generous in its treatment of farmers in the post-war period than in the years before the war, the farmers will look forward to falling prices of agricultural products and increasing prices of the products they buy.

One other chapter in this book should be mentioned before I get through, namely, the section dealing with cooperative housing. The hon. member for Cape Breton South (Mr. Gillis) would be much better qualified to discuss this question than I, but members from Nova Scotia, I think, deserve a good deal of credit for the start made in that province in the field of cooperative housing. In 1932 legislation was passed that made available seventy-five per cent of the total cost involved in starting a cooperative housing project, and the staff at St. Francis Xavier college at Antigonish deserved most of the credit for selling to the farmers the importance of banding themselves together and working out a solution of the housing shortage. I find here that the costs of these projects are unbelievably low. One project involves monthly amortization payments of only $9.65, which includes interest, insurance and taxes.

Mr. HOMUTH: I do not want to interrupt, but would the hon. member give some idea—

Mr. SPEAKER: The hon. gentleman's time has expired.

Mr. HOMUTH: Let him go ahead. I think he should clear up one question. What is the value of the house, and what does it contain?

Mr. NICHOLSON: These houses have been built—

Mr. SPEAKER: If the house gives its unanimous consent, the hon. member may continue.

Mr. HOMUTH: Can the hon. member give us an idea of the value of the house and what it contains?

Mr. NICHOLSON: These are eight-roomed family houses. I have visited them and they are very comfortable. They are built by the miners and would sell at from $3,000 to $4,000. They were built cooperatively in groups of twelve. The provincial government made the money available at 3½ per cent over a twenty-year period, and as a result these miners have living quarters such as would rent at from forty and fifty dollars a month in Ottawa, for less than ten dollars a month.

Mr. HOMUTH: Have they all conveniences?

Mr. SPEAKER: If the hon. gentleman has any questions to ask he must rise and address the Chair.

Mr. HOMUTH: I beg your pardon, Mr. Speaker.

Hon. H. A. BRUCE (Parkdale): There is nothing more vital to the preservation of a democratic nation than the unswerving maintenance of the right of free speech in parliament. Anything that challenges that right is an invasion and a threat of the most dangerous kind to free institutions.

That Senator Bouchard, when he spoke in another place, was discussing a subject of very special importance to Canada, there should be no question. That it was his undoubted privilege and indeed his duty to express his views is beyond debate. That he expressed those views in language befitting parliament there is also no room for debate.

Mr. SPEAKER: Order. I understand the hon. gentleman is referring to a speech in the other house. That is out of order. He may not make reference to a debate that has taken place in the other house, for that is out of order in this debate.

Mr. BRUCE: I am simply saying a word in defence of freedom of speech, and I think I am entitled to do so.

Mr. SPEAKER: I was inquiring whether the hon. gentleman was referring to a speech made in the other chamber. If so, that is out of order. If he is making an argument for free speech generally then, of course, he is in order.

Mr. BRUCE: I am making an argument for free speech and I am entitled to do so. Because this man did what he deemed to be his duty,—

Mr. ST. LAURENT: I rise to a point of order.

Mr. BRUCE: —because he put his sentiments and arguments on record before the people of Canada, he is hurled from a high post in the business life of his country.

Mr. ST. LAURENT: Because the hon. gentleman represents the constituency he does represent, he cannot flout the rules of parliament and the ruling just given.

Mr. BRUCE: The Minister of Justice would be in order if—

Mr. ST. LAURENT: The hon. member said that he was discussing freedom of speech and he continues by referring to some speech made by an hon. member of the other chamber. That is what Your Honour has just ruled to be out of order.

Mr. HOMUTH: The Minister of Justice did not have to refer to the hon. gentleman's constituency, because we know what that means.

[Mr. Homuth.]

Mr. SPEAKER: When the hon. member was speaking I thought he was referring to a speech in the other house, but he assured me—

Mr. ST. LAURENT: He certainly said so.

Mr. SPEAKER: —that he was discussing the question of freedom of speech and of course in that case I allowed him to proceeed. Exception is taken now by the Minister of Justice that what the hon. member was referring to was a speech made in another place and I again point out to the hon. member that this is out of order in this house.

Mr. BRUCE: I am referring to that only as an indication that the right of freedom of speech has been deprived a member of parliament, and I think I am perfectly in order—

Mr. SPEAKER: Order.

Mr. BRUCE: —in continuing my remarks.

Mr. SPEAKER: Order. What I have said is not the opinion of the Chair but is the rules of the house. That standing order is 41, from which I quote:

> No member shall speak disrespectfully of His Majesty, nor of any of the royal family; nor of the governor or person administering the government of Canada; nor use offensive words against either house, or against any member thereof. No member may reflect upon any vote of the house, except for the purpose of moving that such vote be rescinded.

I would refer the house to citation 293, subsection (b):

> A member while speaking must not
> (b) refer to any debate in the senate, but he may refer to the official printed records of the upper house though they have not been formally communicated to the lower house.

The hon. gentleman is referring to a debate that took place in the other house and is therefore not in order according to the rules and the standing orders of our house.

Mr. BRUCE: I presume I must abide by your ruling, Mr. Speaker, but I think it is entirely incorrect to deny an hon. member the right to protest against the absence of freedom of speech in this or in the other house.

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member must not say that he is being deprived of any right in this house. That is a reflection and an implication that the Chair has not been extending to the hon. member the privileges of the house. All that I am doing is reading the rules of the house which I am bound to administer and with no personal reference to the hon. member. He must abide by the rules of the house.

Mr. BRUCE: Mr. Speaker, I still maintain that I was referring to curtailment of the freedom of speech and that therefore I was perfectly within my rights as a member of this house.

Mr. McCANN: With reference to whom?

Mr. SPEAKER: Order. The hon. gentleman is referring to the curtailment of speech. He is entitled to state his views, but he must not, in referring to freedom of speech, refer to some other matter which has already taken place in the form of a debate in the other house.

Mr. BRUCE: Mr. Speaker, may I just quote an eminent Frenchman, Voltaire, who once said:

> I disapprove of what you say, but I will defend to the death your right to say it.

I therefore wish only to have the same freedom in this house as they have in other parliaments of the world.

Mr. MACKENZIE (Vancouver Centre): Order.

Mr. GRAYDON: You just keep quiet. It is the Speaker's job to keep order, not yours. We cannot hear the debate for your cries of "order".

Mr. MACKENZIE (Vancouver Centre): You are the most frequent interrupter in the house.

Mr. SPEAKER: I am quite sure the hon. member for Parkdale—

Mr. MACKENZIE (Vancouver Centre): The leader of the opposition was not in the house when it happened.

Mr. SPEAKER: I am quite sure the hon. member for Parkdale (Mr. Bruce) does not intend to convey by his words that I have refused him permission to exercise his privilege of free speech within this house, but that is the only inference I can draw from his remarks. I must ask the hon. member to dissociate himself from any such meaning.

If the hon. member for Parkdale does not hear me distinctly I wish some of the hon. members would convey to him what I have just said.

Mr. CRUICKSHANK: Withdraw what you said.

Mr. HOMUTH: Withdraw nothing; what are you talking about?

Mr. SPEAKER: The hon. member for Parkdale does not hear me. I wish some of his colleagues would convey to him the meaning of what I have already said to him, because I must ask that he should dissociate himself from any meaning that I might take as a reflection upon the Chair in that I am preventing him from exercising his right of free speech.

Mr. GRAYDON: Mr. Speaker, I just came into the house—

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. SPEAKER: Order. I am sorry to interrupt the leader of the opposition (Mr. Graydon), but I have already taken the position that the hon. member must withdraw the implication or the meaning which his words convey, namely, that I was exercising the rights of the Chair to prevent him from the right of free speech.

Mr. GRAYDON: Mr. Speaker, all that I wanted to say was this—

Some hon. MEMBERS: Order.

Mr. SPEAKER: I am always willing indeed to hear the leader of the opposition, but on this matter—

Mr. GRAYDON: I fail to see what this is all about and why I cannot say a word on the matter—

Mr. SPEAKER: In the meantime, the position so far as the Chair is concerned is distinct. I ask the hon. member for Parkdale to withdraw the meaning he implied in his remarks.

Mr. BRUCE: I had no intention of implying that Your Honour had been unfair. I meant only to say that when a man is punished for exercising his undoubted right of freedom of speech in this parliament, then I think it is time that somebody should speak up for him. I would have expected that the leader of this house, who has always been so careful about the privileges of parliament, would have said something in this regard before now, but nothing has been said. That is pretty nearly all I had intended to say. It does seem to me and to others that men who are outside this parliament should not have a right to punish members of either house for something they say in the house. We have had an illustration of that happening within recent days. It is against that method of interfering with freedom of speech that I wish to protest in the strongest terms possible, and it is only because of that that I have intervened in this debate this evening.

Mr. FRED ROSE (Cartier): In discussing the budget which according to the speech of the Minister of Finance (Mr. Ilsley), calls for an expenditure of over $5,000,000,000 in this the most decisive stage of the war, I am not going to delve into figures. I am not even going to spend very much time on the problem of the justice or the injustice of certain taxes. I wish to deal instead with the problem of national unity.

To me the destruction of fascism does not merely mean the destruction of fascism overseas. I believe that our men fighting overseas feel that while risking their lives there they would not want to come back home where they would find groups of fascists threatening Canadian democracy. I am not an alarmist, but I believe that at all times it is better to face issues than to resort to the ostrich policy.

In 1938, a few years before the name of Quisling became generally known throughout the world, I wrote a little pamphlet in which I warned about the danger of small fascist groupings, a danger that I said must be met or it might become serious in a critical period. In the pamphlet I used the following words:

> There is no doubt that at present the various fascist movements constitute a very small minority among the great political movements in our country. But this is no reason why fascism in Canada should be ignored. Far better to turn the spotlight of truth and reason upon it right now and to take those measures at the outset of its growh, to make it impossible for fascism ever to grow into a force strong enough to challenge Canadian democracy.

There are certain people who believe that just because the foundations of fascism are being destroyed overseas, people with fascist ideology here will give up, cave in. I do not share that opinion. I would say that just because the cause of fascism is failing, because it is being defeated on various European battlefronts, fascist groups here, like nazism, will fight like a wounded beast. What makes this dangerous is the fact that we are in a decisive stage of the war. What makes this dangerous is that it divides the people, that it raises doubts in the minds of many people, that it weakens morale. That is why the issue must be faced.

What does Hitler want? He wants to see division. He may even fight a war of defence on all fronts. He hopes the war will drag out as long as possible, while his supporters throughout the various countries of the united nations will work up a campaign of disunity. This, he hopes, may bring about a patched-up peace. That sort of peace would not last. That is not what the people of Canada or of the united nations want.

[Mr. Bruce.]

Not long ago the United States Secretary of the Treasury, Henry Morgenthau Junior, gave the following warning:

> Our enemy has one real secret weapon, the weapon of division. As disaster confronts him he will use that weapon cunningly. He will try to shatter unity we have achieved, will try to blunt and confuse our purposes and soften the defeat which he now knows he cannot escape. He will try to make our victory partial, rather than complete.
>
> If we yield to such blandishments, if we allow doubt of one another to divide us, if we soften in our resolve to stamp out this hideous nazi curse—we shall have lost this war. Worse we shall have betrayed all those who suffered and bled upon the soil of Europe—the living and the dead alike.

I fully agree with that statement, and that is why I emphasize this problem of national and international unity, and wish to warn the people against division and confusion.

We shall have betrayed the living and the dead alike, if we stand aside and minimize the events which have taken place in Quebec in the past few weeks. There is, of course, the possibility that someone may try to say, "He is attacking the province of Quebec." I am not. I say that I have much more faith in the people of Quebec than many who would use that argument against me. I have said in the past, and I repeat to-night, that small dangerous cliques are carrying on that type of activity which is hurting the people of Quebec and Canadian morale.

I was coming down through the Laurentians in a car, and picked up a young airman who happened to be travelling on foot. He was an air gunner; in fact he looked more like an air cadet, because he was so young. This boy had been stationed at Valleyfield when the fights took place. I had tears in my eyes after listening to his story. He said that these young boys, young air gunners, boys doing the most dangerous type of work, and who would be going overseas in a few weeks, did not dare to walk alone. They had to go in threes or fours.

Was anyone arrested? I have not heard of a single arrest. The young airman told me that many air force boys were beaten up very badly. In that same town of Valleyfield another gang attacked a meeting of the textile workers' union. That gang entered the hall where the meeting was being held, and smashed all the furniture. That was a union of people of Valleyfield. And still nothing was done; no arrests were made.

Then, in the city of Quebec a synagogue was set afire a couple of months ago. Prior to that fire a campaign was carried on by an intolerant clique within that city, against the rights of Jewish people to build their syna-

gogue. In that campaign signatures were collected and meetings were held. The people who addressed the meeting were known. Among those who addressed meetings in that city was a fellow named Roch Poulin, a member of the young Laurentians. This same Roch Poulin was, only a few weeks later, at a meeting in Quebec which was to have been addressed by the leader of my party, Tim Buck, and roused the young boys to break up the gathering.

Anti-Semitism: suppression of free speech—they go hand in hand. But that is not all. A few days after the attack on the union hall in Valleyfield a well-known union organizer went out to Huntingdon. We was met by a group of people there who told him, "You are not going to hold a meeting"—despite the fact that the textile plant at that place is organized within the union. He was prevented from holding the meeting, and there was no protection given him.

A tense situation is being created. One would not be surprised if the workers decided that if such things are going to occur they will organize defence groups of their own. That would be dangerous, and might lead to all sorts of trouble. Something drastic has to be done.

It is unfortunate that so many people who are responsible for these shameful activities call themselves nationalists—which they are not. They say that they work in the interests of the people of Quebec. I say that they do not. When they go out to smash up union meetings they are not working on behalf of the French-Canadian workers; they are working on behalf of Blair Gordon. When these people go out to tell workers that they must not belong to neutral unions, they are taking away from those workers weapons through the use of which those workers in many industries of Quebec have attained equality in wages with other provinces.

In some industries in Quebec, notably aircraft, shipbuilding and some others, the workers have attained equality. Who brought this about? Was it the group of people who rave about equality, or was it the trade union organizations of the workers? The trade union organizations of the workers did it.

These nationalists say that they are interested in the welfare of the people. But when there is talk about health insurance they say, "Oh, no, no; that is socialism. We do not want any health insurance. We do not want to interfere with the individual." What does that lead to? It leads to a situation under which the health of the people in Quebec is bad, and it will continue to be bad if the people in that province follow the clique I have mentioned.

Let me give some figures. Per 100,000 of population 80·6 people in Quebec die yearly from tuberculosis, as compared with twenty-six in Ontario, or three times as many in Quebec as in Ontario. Here are some figures for some of the cities: Quebec city, 108·1; Chicoutimi, 143·4; Three Rivers, 216·6; Thetford Mines, 259·5, and Rimouski—shameful figure—542·2, or twenty times the rate for Ontario. The nationalists do not want any health scheme; they do not think the people of Quebec need it. The infant mortality figures give a similar picture. The rate per 1,000 live births for Canada as a whole in 1941 was 59·7 and that for Ontaro, 45·6. The rate for Chicoutimi was 95·5, and for Quebec city 107.

Those figures are altogether too high. We need more health schemes for our province rather than no health schemes simply because reactionaries say that it smacks of socialism, that it interferes with the individual. The so-called nationalists have opposed the idea of compulsory education. Doctor Paquette, Duplessis' lieutenant and former provincial secretary in charge of education in the province, in a discussion on compulsory education had the following to say:

> When families are disorganized by the war, when young men are being conscripted for the army, is this time to conscript children for obligatory schooling?

That argument underestimates the intelligence of the people of Quebec It was all right for Doctor Paquette to graduate as a doctor and do well in politics. If he has any children I am sure they are getting a fine education, but other children must not get an education because he considers it conscription for education.

Then again they oppose the idea of Quebec having anything to do with Canada or Canada having anything to do with the world. What will happen to the huge plants that have been built in the province and the tens of thousands of workers employed there if Canada is to isolate herself from the world?

Mr. HOMUTH: We never will.

Mr. ROSE: I am much more optimistic than the hon. member to my right. I have faith in the good sense of the people and know they will make sure they will get their jobs. The so-called nationalists may have a solution, back to the land. They are ready to suggest that the people dig stumps and starve, that they keep away from the cities.

But during the war the people have learned that they can do useful work; they have acquired skills, and they will not want to go back to the land. The solution of isolationism is not the solution for the people of Quebec.

The supposed nationalist leaders are not working in the interests of the Quebec people. They use all sorts of demagogy to cover up their reactionary ideology, their pro-fascist ideology, and they care very little about the people. What is their idea about the people? I find this in a declaration issued by a group known as the bloc universitaire and drafted on April 11, 1942. In that declaration this group called for a corporatist state in the province of Quebec where, according to their theory "not all men are born equal". That is the most reactionary sort of attitude to take. A small group of people will set themselves up in the castle and the people down below will work for them. They will have the brains; the others must know nothing.

I now want to go back a little into history. Since I have been in the house I have heard several hon. members go back into the past, to the years 1934, 1935, 1936 and 1937. I have done a little digging myself, and I should like to quote what has been said by some so-called nationalists and isolationists who are more interested in an axis victory than in the welfare of the people of Quebec. First I want to quote from a paper *La Nation,* issued by Paul Bouchard, a paper which was suppressed or which disappeared after the war broke out. He was quite close to all the so-called nationalist leaders in the province; in fact, in 1937 he appeared as a candidate in Montreal-St. Mary's riding and was sponsored by a number of organizations, one of which was headed by André Laurendeau, the present provincial leader of the Bloc Populaire. This Bouchard wrote quite a number of editorials in his paper. For instance, speaking about Spain, he said:

> Before a strong and determined Spain, Gibraltar will be worthless. But the political role that a rich and powerful Spain can play is of much greater dimension. . . . She will take back her ascendancy over the peoples tied by blood and culture. We can't imagine the future role of Spain without thinking that outside of Brazil, the United States and Canada, all America is Spanish speaking. The next era will belong to the Spanish world.

Meaning they will take all of South America. He went on further to say:

> May Franco be inspired by Mussolini's success—

I should like to see Bouchard's face to-day.

> —and adapt Mussolini's forms to his country in order to transmit to Spain the same spirit of energy, of progress and solidarity which animates Italy, and then the immense reaction

started in Rome against Asiatic barbarism will arrive by way of Spain to the Latin shores of America.

That is 100 per cent fascism; that is 100 per cent fascist foreign policy. Not only did he speak about Spain but he advised France as follows:

> Ah! If only France could at last find, under a monarchy or a national dictatorship, a great minister of foreign affairs to sell the British empire to Germany and Italy, in exchange for an alliance and French neutrality.

Those are treacherous words, but they did not stop him from running in 1942 as a candidate against the Minister of Justice (Mr. St. Laurent). What did he have to say about Canada? What did he have to say about a united Canada?

He said as follows:

> Very well, I will be told; but what if Japan should want to invade British Columbia? Let us be clear that British Columbia is not the whole of Canada, and in the east, for what it costs us and what we get out of it, it means nothing to us.

He was willing to give British Columbia to Japan. These are the nationalists, the isolationists, but really internationalists in the sense of being fascists.

The so-called nationalists will not deny that they hold in the highest esteem the opinions of Henry Bourassa. Speaking in Montreal on October 8, 1941, Henry Bourassa said that the only force in Europe capable of bringing an end to Slav chaos was Germany.

Yes, Hitler tried to bring an end in his own way to what Henry Bourassa called Slav chaos. Hitler tried to murder millions of Slavs. But they refused to die, and are playing a magnificent role to-day and giving Hitler a sound beating.

Here is what Henry Bourassa said about Hitler:

> Hitler is much more a product of democratic expression than are the governments of the United States, Canada and Britain. . . . One of the excellent sides of the (nazi) regime is that it has put an end to the scandalous abuses of capitalism.

When we think of the Krupps and Goering and their trusts we can see that this was but misrepresentation of the facts in order to deceive the people.

Speaking of the post-war world Henry Bourassa said:

> If good sense is to prevail in the settlement of European affairs in the post-war world . . . I think that France of Petain, Spain of Franco, Portugal of Salazar, also Italy of Mussolini, will exercise a salutary influence for the world.

What a world that would be! Bourassa has since repeated the same sort of statement

on a number of occasions. He still clings to these ideas and calls himself a nationalist! Like the nazis from whom they draw their inspiration the corporatists resort to anti-Semitism as a means of doing their dirty work. It is unfortunate that such thoughts should creep into the speeches even of some members of this house. Not long ago I heard an hon. member speaking about the Aryans and the non-Aryans in this country. I did not know that we had any Aryans or non-Aryans in this country. I thought Hitler was the only one who was blessed with them.

Again on Thursday evening last the hon. member for Charlevoix-Saguenay (Mr. Dorion) said:

> We are wondering whether or not we are engaged in this war for the sole purpose of saving or helping out the Jews all over the world.

That is Hitler's argument. Hitler has said that on a number of occasions—this is a Jewish war—and we had a revised version of that given us the other day by an hon. member of this house.

To-day's Montreal *Gazette* carries a very sad story. It told of 1,715,000 Jews who had been killed, exterminated in gas chambers in two camps in upper Silesia. If some escaped being murdered are we supposed to say to them: Keep out of this country. That is not humanity. That is cruelty. This question of refugees has been mixed up by certain political leaders with the problem of immigration. Certain papers are carrying cartoons on the subject. Here is a cartoon in *Le Moraliste,* Duplessis' sheet, showing Jews as did Streicher in the *Sturmer.* I think it is disgraceful. What would have happened to the great leaders of Canadian democracy, Papineau and Mackenzie, if they had been refused a refuge in the United States. The fate of the Acadians driven from their soil in the eighteenth century, a sad chapter in our Canadian history long remembered in our province, is to-day being repeated on a greater scale in a more murderous fashion, and to make an issue of it is to disregard decency and humanity. But these pseudo-nationalists do not go back to history. They find their own cruel solutions.

Here is an article in the official organ of Bloc Populaire, *Le Bloc,* of May 6, 1944. The article is headed "Canada, England's Garbage Dump," and this paper gives its full front page to names of some of the refugees allowed to come into this country and makes sure to specify beside each name "Juif," "Juif," "Juif" —"Jew," "Jew," "Jew"! I am not a Christian myself, but that is un-Christian as I understand Christianity.

I want to read what a great man, David Lloyd George, wrote about the Jews and Jew-baiting in 1923. He said:

> Of all the bigotries that savage the human temper there is none so stupid as the anti-Semitic. It has no basis in reason; it is not rooted in faith; it aspires to no ideal; it is just one of those dank and unwholesome weeds that grow in the morass of racial hatred. How utterly devoid of reason it is may be gathered from the fact that it is almost entirely confined to nations who worship Jewish prophets and apostles, revere the national literature of the Hebrews as the only inspired message delivered by the Diety to mankind, and whose only hope of salvation rests on the precepts and promises of the great teachers of Judah. Yet, in the sight of these fanatics the Jews of to-day can do nothing right. If they are rich they are birds of prey. If they are poor they are vermin. If they are in favour of a war, it is because they want to exploit the bloody feuds of the Gentiles to their own profit. If they are anxious for peace, they are either instinctive cowards or traitors. If they give generously—and there are no more liberal givers than the Jews—they are doing it for some selfish purpose of their own. If they do not give—then what could one expect of a Jew but avarice? If labour is oppressed by great capital, the greed of the Jew is held responsible. If labour revolts against capital, the Jew is blamed for that also. If he lives in a strange land he must be persecuted and pogrommed out of it. If he wants to go back to his own, he must be prevented. Through the centuries in every land, whatever he does, or intends or fails to do, he has been pursued by the echo of the brutal cry of the rabble of Jerusalem against the greatest of all Jews—Crucify Him!

These are very fine words, but what are we going to do about it? I suggest that the situation is serious enough to demand what I suggested in my maiden speech in this house, the appointment of a royal commission to go into this whole problem. But even that is not the whole story. There must be a reason why people in Quebec province will follow these elements, and that basis lies in certain inequalities which still exist. The government must find ways and means to meet the needs of the people, to do away with these inequalities, and the people will be only too happy for anything that is done for them to bring about that equality which they deserve. What is more I say that we have to encourage the trades unions as a powerful factor in the fight for democracy. We need a bold policy, because the problem of national unity is a serious one to-day, in the final phase of the war, and will be just as serious to-morrow, in the post-war period.

Mr. ROBERT RYAN (Three Rivers): Mr. Speaker, I wish to offer my congratulations to the Minister of Finance (Mr. Ilsley) upon the able manner in which he presented the budget.

In this regard I think it would be proper for me to read into *Hansard* a number of paragraphs from an article entitled "Your Taxes Will Go Down", by Mr. Beardsley Ruml, appearing in the *Magazine Digest* for June. Mr. Ruml, author of the pay-as-you-go income tax plan, is chairman of the federal reserve bank of New York. In this article he refers to federal budgets and taxation, and he says:

The federal budget itself has an important influence on the value of our money. Whether the federal budget is inflationary or deflationary depends on the kind and amount of federal taxes. The real purpose of our federal taxes in the providing of revenue is to make sure that we have a budget that has the right kind of economic influence on the country.

The federal budget commits us every year to a set of expenditures, most of them necessary and desirable, and yet always with some waste, tradition and unreasonable sentiment.

We have federal taxes because we have national expenditures. If we had the expenditures without any taxes at all, the budget would be extremely inflationary.

The reason we have federal taxes is so that the federal budget will have the right influence on the rest of our economy—that it will do its part in keeping employment and production high year after year. . . .

We have another good reason for expecting lower taxes—we do not want a deflationary federal budget when we have too much unemployment. We shall have to figure out how much employment and production we want as a "standard normal" and then make our federal tax programme so that income will balance outgo when we are at this desired normal level.

Such a tax programme will produce a budget surplus without changing the rates, provided that the outgo is kept steady and employment goes beyond what we think normal ought to be.

If employment and production go below our standard normal level, and if we keep our rates the same or even reduce them, then the effect of the budget will be to add to public purchasing power and thus help raise employment and production to our normal level.

Expert estimates all agree on one point: with high employment after the war, national production and national income will actually be very much higher than ever before in our history.

For future taxes, this means that either we shall have a high level of employment and production and can therefore have lower tax rates and a balanced budget, or we shall have lower tax rates to arrive at the employment and production level we feel is desirable.

Lower tax rates will help us achieve high post-war employment, but we must remember that during the first year or so after hostilities cease, strong inflationary influences will be at work. They must be combated, and taxes will have to be used to help fight rising prices.

In this uncertain period we must proceed cautiously with tax reduction, even if the budget is balanced and possibly shows a surplus. But after the American economy is established, we can use the tax programme to help provide the means of going where we want to go, in terms of high production and high employment—and this will mean far lower tax rates than we have to-day.

[Mr. Ryan.]

I believe that the paragraphs which I have read apply very fully to the present budget of the Minister of Finance. It has been my opinion since I have been in this house that the minister, in bringing down his annual budgets, has always had in thought the welfare of the country and has built up his taxing system with that in mind.

There is a question in regard to the importance of control, and I should like in that regard to quote a statement made by Sir George Schuster, one of Britain's foremost business men. He says:

We must have some measure of government control over the nation's commerce after the war. If each business seeks to run its own affairs according to its own single interest, I see little hope of avoiding state control at every point. The main problem is achieving a balance between the organizing power of the state and the driving force of the free individual.

That, I think, can be easily understood.

Further with reference to controls, let me quote the following statement of United States price administrator Chester Bowles:

That price control has saved the people of the U.S.A. $67 million and that much would have been added to the building of the military machine had there been no price restrictions.

Comparisons of the cost of the two wars compiled by the O.P.A. research division show that $22 billion more has been saved consumers through price control over civilian goods and service. That saving alone amounts to $169 for each person for 1943, and that figure is growing every month.

It would be interesting to have an estimate of what Canada has saved by price control.

I wish to make one more quotation, which is taken from "Democracy Reborn", by Henry A. Wallace, Vice-President of the United States of America:

Dollar principles are all right when they serve human principles and free enterprise must be maintained, but the "Big Three", big business, big agriculture and big labour must work together for the general welfare and—above everything—adhere to the principle of complete utilization of all sources, all manpower, all skills in the service of the common man in his search for jobs.

On Friday we listened to an able speaker, the Prime Minister of New Zealand, who told us what he thought of the all-out war effort carried on by this government; that it was not only his opinion, but that of the most important men in the world to-day that Canada has done a wonderful job. There is no doubt about that. It has been well known by everybody except those who wish to criticize the government. On the subject of the war effort, the Prime Minister of New Zealand referred to man-power, war equipment and so forth. On Saturday morning,

while going on the train to Montreal, I clipped from the Ottawa *Journal* the following short article:

British Believe Canadians Best Street Fighters

British soldiers rate Canadians the best street fighters in Italy, Lt.-Col. Frederick L. Nicholls of Toronto, former commander in Italy of the Carleton and York regiment, a New Brunswick unit, said in an interview to-night.

He said the morale of the Canadian soldiers is "tops" and expressed belief it is high because of the fact all the Canadians overseas are volunteers.

"Therefore they're over there because they want to fight. They have a job to do and they want to clean it up."

Col. Nicholls was in command of the Carleton and Yorks along the Adriatic coast during the Cassino fighting. He has just returned to Canada to join the military training branch at defence headquarters.

I congratulate the government upon the new legislation and the new departments that are being created which will permit the government to carry out a post-war effort with the same success as they have carried on the all-out war effort since 1939.

It is laughable to listen to statements made that the Liberal government has stolen the programme of the Progressive Conservative or the Cooperative Commonwealth Federation party. The Prime Minister (Mr. Mackenzie King) informed this house at the first or second session of this parliament of his intentions with regard to social legislation that would be submitted for approval before this parliament was prorogued and, at the opening of this session, a definite plan of social reform was outlined in the speech from the throne.

I believe this government is working out the very best form of cooperation with the commercial banks and industry. The government's intention, I understand, is to cut out everything in the management of the banks and industry that has been found to have been a hindrance to the full development of Canada and the welfare of our people.

The Minister of Finance has advised us that understandings have been arrived at with the Bank of Canada and the commercial banks which will permit them to finance any development the government will find it necessary to undertake, and also place the banks in a position to finance all legitimate demands made on them by industry and commerce. He has also informed us that the government has complete control of currency and credit, and the system of banking to-day is not the same system that existed from 1929 to 1939. A new system has evolved since 1939.

The government is gradually weeding out what might be termed bad in banking and free enterprise systems without destroying what has been found good, which I would term constructive evolution.

I do not think this government will hesitate for one minute to take over any industry or to organize any industry that they decide should be established in the interests of the public, if they find private capital is not forthcoming or sufficient for the full development of such industry.

I would say to the leader of the C.C.F., in answer to his statement on page 4019 of *Hansard,* that the Canadian soldiers will return to the same beautiful and free Canada that they had left to fight the enemy and offer their blood so that we, who were left at home, would be able to continue to live in this glorious and free land known as Canada, but may I say to him that they will not return to Canada and find the same economic or social system that existed when they left their homes and loved ones.

Before I came into this house in 1940, I had arrived at certain conclusions of what I considered were the financial or economic reforms that should be made, and I am pleased to say that I am satisfied with what has been done up to the present. There are reforms that I believe should still be inaugurated to permit the government to stabilize employment and successfully carry out their social security programme.

However, the Minister of Finance and the Governor of the Bank of Canada are confident that the reforms which are being evolved will be sufficient, and I am convinced that if the government find out later on that other changes in our monetary or economic system are necessary, they will not hesitate to make such changes as are necessary to make a success of post-war management and development. I have confidence in the government and very much faith in the future.

In conclusion, I would say that the people of Canada, yes, the people of the British empire, should thank God that we have had in this country such a man as Mackenzie King as Prime Minister with his able government to guide us through those terrible years of the war. Canada has done a great war job and has done it well. It is therefore my belief that Mackenzie King was a good peace-time, a good war-time and will be a good post-war Prime Minister.

Mr. LIONEL BERTRAND (Terrebonne): Canada is one of the most beautiful countries in the world; I would even say the most beautiful. Hurled as a challenge against the

Americas, it is remarkable because of the vastness of its territory and the inexhaustible wealth of its resources. A young country whose prospects of development are unlimited, Canada is altogether immense and rich. Three oceans, filled with wealthy products, border its shores as a fairyland of lace; to the south, an imaginary boundary separates it from the most powerful of modern countries, the United States, with which it holds harmonious relations which could be set as an example to the whole world. Within, nine provinces, unequal as to size, diversified as to their particular character and products, share a territory often broken by immense rivers and lakes on which sail ocean-going ships which supplement two railway systems serving from ocean to ocean an agricultural and industrial population. So far, Canada has played an important role in world politics; to-morrow, it will be more important. But what has the future in store for us?

Wealth, resources and progress do not make a nation. Indeed, progress is a law of humanity. For generations, the present is the transition between a mediocre past and a better future. But a nation will subsist only if it can draw from itself a sufficient amount of reason to ward off causes of internal ruin or relaxation. Material forces, alone, are inefficient; the real power of a nation rests in its ideal, this invisible power which, by creating visible objects, shows the way to our souls. A nation is a soul; as Renan said, a nation, like an individual, is the convergence of a great sum of efforts, sacrifices and devotion. We shall come out of this war overburdened with the most gigantic financial effort in our history, struggling with an economy upset by the present conflict, and compelled to undergo numerous privations and sacrifices for many years to come. What class in our society will have suffered the most from the war? The one which has paid more income tax? No. The one whose easy pre-war way of living has been curtailed by rationing? No. The one upon whom war has imposed lower revenues and all kinds of annoyances? No. What class will be most affected by this war? It is our youth.

Youth will come out of this war wounded and angry. These words may surprise a few; nevertheless they are true. The foundation of a nation, youth is its ideal, and its progress also. It renovates generations; the youth of to-morrow will be what the youth of to-day formed it to be. Youth, therefore, becomes the cell which gives superiority to a nation, or renders it more decadent.

To turn our attention to youth is one of the present-day problems. I wish to speak for the youth of my country, whatever be its language, its creed, or the province it lives in. I know youth, because yesterday I was still in its ranks; I know its ambitions, its tastes, its reactions, its fears, because I have been living with it for the last four years, and shared its lost hopes, its set-backs, its bitter feelings. To-day I rise to state this: War has killed our youth, morally and physically. As a reward for the sacrifice it rendered the national cause—or rather the universal cause—youth has the right to be heard, and the right to be understood.

I have been a member here for four years. What has been said about our youth except for such purposes as mobilization or war effort? I pay tribute to the courage of our youth. Its valour gave democracy thousands of soldiers, thousands of airmen, thousands of sailors, who, on all continents, in every sky and on the seven seas, are reaping glory for themselves, besides the glory falling back on their own country. But glory fades away—military glory like any other. No sooner will the signatures be dry on the peace treaty than nations, already oblivious of the horrors of the war, will become intoxicated with the delights of peace. When they look at the future, they will unknowingly forget those whose superhuman efforts and frightful ordeals drew a veil on the bloodiest tragedy of the world's history. The characteristic of human nature is to forget; but will youth ever forget?

Youth will come out of this war with deep wounds. How many, not yet thirty years old, have come out wounded, sick, physical ruins? From now until final victory, how many will emerge in the same physical conditions, unable or almost unable to earn their living, after giving in two years, even in one year, the maximum yield of their physical power? How many, who had built up a future at a period in life when ambition overcomes all obstacles to success, were compelled to drop everything when they were called to the colours and thus destroy with their own hands the projects their courage had built up? Broken careers, jeopardized futures, ruined lives, broken-up homes, lives wilting away before full bloom; these are the actual sights. Let them start over again, one might say. This is easy to say. Easy for those whose parents are wealthy, have established industries or financial influences. But what about the others who are more numerous? I know what it means to make a success of your life when you have no influence and when your way is strewn with obstacles which the ambitions of the powerful render it all the more difficult to surmount.

I have known that personally. When it comes back from the war, our youth, after waging military battles, will have to wage social fights. Will it be able to regain the lost ground? Youth does not lack ideal; its ideal, propped, developed and fostered by its elders and its government, would become the faith which moves mountains. On the other hand, if we neglect youth, will it be capable, without help, of facing the hard struggles of the future? Will it be able to create a home and believe in happiness if, when it attempts to make its way through a mode of life more difficult than ever, this youth is not convinced that it still has retained its place under the sun? If the powers of the day disregard it altogether, will the youth that withstood the brunt of this war be able to come back to the homes it had temporarily left with the same bright hopes it had formerly nourished? Will it ever be able to dismiss from its mind the thought that in twenty or twenty-five years, through the stupid ambitions of men, the children it will bring forth in this world may again become the new victims of war and of all its miseries? Will youth be able to settle down to work if it lacks an ideal? Will it be able to create one if its soul remains downhearted? Discouragement leads to disgust; and disgust unavoidably opens the way to chaos.

Youth will also be angry when it comes out of this war. To a greater extent than any other class of society, laws will have affected it. It will have borne the weight of the mobilization act; the intricacies of selective service, rendered unrelenting throughout a series of sinister improvements, transformed the youth into an object to be handled, and this is a very serious error for democracy. When youth belonged to a category callable to the colours, it was automatically refused any position. After weeks of moral tossing around, it was compelled to enlist. For those who were too young to be called up, there were still no jobs. Instead of acquiring this happpy mentality resulting from work honestly secured, they are more or less compelled to earn their living through means which are not always commendable. Neglected, paralysed, baffled, turned down, dismissed, banned, hunted down, youth has become panic-stricken. Instead of breathing the pure atmosphere of the nation, it has absorbed, day after day, vexations—a poison which directly breeds dissatisfaction.

Will it be surprising if youth comes out of this war angry? Angry against what? Against everything. Angry against whom? Against everyone. First of all, against the authorities. Against the arrogance of its superior officers in the army. Against the insolence of the bureaucrats. Against capitalism—the shady kind—which has been taking advantage of its sacrifices and sufferings. It is said that to-morrow will see the most considerable evolution of history. I believe it. But if this evolution does not give those who have suffered the benefits of their devotion, I may say this: add one letter to this magical word "evolution" and you have the worst of all human evils: "revolution".

Some will smile at my fears. I know I am not mistaken. Youth demands back, for to-morrow, its just and recognized place in society. It says: "You are preparing plans of social security; but, in those projects, have you thought of me who waged this war or who has suffered from this war?" Youth says: "You are planning wide material projects which will add to the assets of the nation and supply work for everyone; but did you think of reserving a place for me, the best asset of the country?" It says: "Progress would connect the world with airlines in which Canada will be an important link; did you think of me, the indispensable link to the continuation of life in this country?" It says: "You vote estimates to engrave in marble the heroic deeds and the known heroes of this war; did you think of me, the obscure hero of the war who, to-morrow, will still be the obscure labourer in the renovation of the country?" It says: "You are talking about peace; you are studying measures which will secure it; I want peace, because more than any other class of society, I hate and curse war. You want the Atlantic charter to be the foundation of a new order of justice and human intelligence; are you aware that peace throughout the world rests on the motion of peace which every nation cultivates within its own boundaries? Shall we have peace if the rights of everyone are not recognized in this country, if my own rights are ignored?

Youth says: "You are willing to assist other nations by throwing your doors open to immigration, by appealing to the great laws of humanity; have you the right to do so; have you the right to even think of doing it before I, who bore the brunt of the war, who suffered from the war, have found in this country, which is my own, the work, security and happiness to which I am entitled?"

Youth says: "You have voted billions to help Great Britain and the united nations finance their war effort; you have voted fantastic amounts to create instruments of war which I have handled; you have voted very large sums of money to set up a series of commissions, a few of which were severely condemned after leading the unfair life of parasites; shall I not be entitled to the con-

sideration of my country when I shall be called upon to-morrow, to bear the crushing burden of these debts, to sacrifice myself and my own people in order to repay them?"

The youth of my country has the right to demand the right of being heard, and the right of being understood. Therefore, I wish to state that if every economic, financial, physical and agricultural domain is represented in this parliament by a department which animates, supports and develops it, why should youth, the very soul of all the domains of human activity, be not also represented by its own department? I demand tonight the setting up of a federal department of youth.

Various departments were set up to finance or prosecute the war; departments were created to solve post-war problems. At this momentous hour we are about to face, an hour which is rightly dreaded by economists, why should the government not institute the department which, in my opinion, is the most important for the salvation of the country: the department of youth. This department would render such important services that they would have results and repercussions in every cell of the social organism. If you do not create it, you are hampering the welfare of the country. If you create it, you will make the nation strong and solid. One may answer that such a step comes within the jurisdiction of the provinces and that the federal government does not wish to encroach upon the rights of the provinces. This is a very easy and convenient excuse. The Department of National War Services was set up, and it mobilized the youth. The Department of National Defence was given a larger strength, and youth filled it up. Selective service was instituted, and youth was the first to submit to its requirements. In selective service, a mobilization section was set up, and again youth was its first and perpetual victim. Therefore, if it has borne the stiffness of our laws to a greater extent than any other class of society, it has a vested right in requesting and demanding the introduction of legislation, acceptable both by itself and by the provinces, which legislation would be the official and national recognition of its devotion and of its social helpfulness.

How can we assist youth? Young men who have been to war deserve special attention. Indeed, when the war is over, numerous laws will be enacted to assist those who have contributed to victory. But those who will apply these laws should not neglect or deal unjustly with these young people merely because they are young; the youth who fought this war and who will be its victims, who entered in it voluntarily or through the force of circumstances, will set forth its rightful requests, even if it has to resort to arbitrary means. Is it excessive to ask that youth that has fought this war be given an organism whose duty will be, when needs arise, to protect its rightful claims, or to facilitate its obtaining a just preference in employment.

There is also the youth under twenty, at eighteen already much older than its age, since it is by statute sent to the army before it is physically developed and ready to fight for its living. There are all those who are growing up, already restless at sixteen, and all those who have not yet reached sixteen, and who are acquiring deep in their hearts, when their elders relate their experiences, feelings of contempt and sour memories which they will undoubtedly retain, unless such feelings are dispelled.

Mr. HOMUTH: I rise to a point of order. I dislike doing this very much, but hon. members have been warned against reading their speeches. The hon. member for Terrebonne is reading his speech, word for word. I object to it, and I do not think it should be allowed.

Mr. RALSTON: The hon. member for York-Sunbury (Mr. Hanson) read his speech.

Mr. HOMUTH: You should have checked him up, then.

Mr. RALSTON: Why did you not check him up?

Mr. HOMUTH: Because it is your duty to do it.

Mr. RALSTON: I was not objecting to it.

Mr. HOMUTH: I am.

Mr. RALSTON: Why did you not object to the hon. member for York-Sunbury, then?

Mr. MACKENZIE (Vancouver Centre): Charity begins at home.

Mr. BERTRAND (Terrebonne): This coming youth, the government can assist it in many ways:

(a) By setting up, in every district where an unemployment insurance office is located, a section specially devoted to the placement of youth.

(b) By expanding without restrictions the professional training programme, which recently replaced the war-time emergency training programme; by giving substantial grants to provinces so that arts and crafts schools can be accessible, not only to students from towns and cities, but also to those from rural municipalities of the least importance.

(c) By instituting in every county, with the cooperation of the provinces, scholarships which would be available to children in lower and industrial classes, and would help them reaching technical schools or other secondary or superior schools.

(d) By granting generous subsidies, through the medium of provinces, to associations interested in youth movements, like parish circles, for instance, in order to develop among young people a taste for reading by facilitating the use of public libraries, or in order to develop its physical health by means of sane and vigorous sports.

(e) By building in cities and towns, and even in municipalities of any importance, public parks where younger people could find playgrounds, swimming pools and amusements.

(f) By enlarging the scope of the national film board so as to give, even in remote municipalities, numerous free movies on matters of national interest or of educational character.

(g) By giving grants to associations interested in promoting artistic tastes among youth —such as Les Amis de l'Art, in Montreal—in order that these associations, with the cooperation of the provinces, may extend their activities, and that youth may follow for a nominal charge artistic lectures and teachings—the best sources of art and ideal.

(h) By erecting parish halls.

(i) By creating bureaux dealing with statistics and information with branches in every province, and available to students as well as to young labourers.

(j) By creating an organism entrusted with setting up a list and prohibiting the entrance into Canada of this abundance of United States magazines which glorify vice and praise robbery and murder. This literature is ridiculous, useless, immoral and against the welfare of the nation; it will turn a young man, even before he is twenty, into a loafer, if not into a thief or a murderer.

In a word, by setting up a body capable of securing young people their proper share of employment, and of applying measures calculated to maintain the physical standards of youth, its moral health, its sense of responsibility and its love of life.

Will this suggestion be received in this parliament? Will it be accepted in principle only, and gradually set aside by the stream of new problems which are constantly assailing public administration? Will it be heard by youth which will learn through newspapers and radio that some one spoke on their behalf before the whole nation? I do not know. Nevertheless, I am convinced that youth must be consulted on the course of our reconstruction projects. We shall have to reconstruct, and reconstruct in every domain, and with the live powers of the nation. In these times when the most fantastic doctrines take shape and are spread abroad, when dealers in happiness offer at every cross-road elixirs of unlimited prosperity, when the most subversive ideas hide under disguise in order to win approval and sympathizers, measures of national defence become necessary. Only through this national defence will Canada be able to live in justice, progress and peace. Capitalism must acquire certain virtues and forego certain vices; in times undergoing scientific evolution due to the influence of war, governments must endeavour to observe the smallest details which make up democracy, and also attempt to promote every idea which will assure its solidity and full development.

Social security applied in all domains; the glorification of labour; the improvement of the fate of lower and industrial classes, and ownership made accessible to everyone; assistance to families; the spreading of education; the preaching of better understanding of public health; repressing the abuses of capitalism; assistance to private enterprise; the expansion of small industries; freeing trade and commerce from paralyzing restrictions; assistance to agriculture; a better and broader system of colonization; the safeguarding and development of national resources; the respect due to morals; doing away with social sores; in all domains of human activity, a betterment brought about by just, sane and happy laws inspired by love which Christ preached to mankind.

Mr. SPEAKER: I must ask the hon. member to observe the rule which I have endeavoured to enforce to-day. I thought the hon. gentleman was making a statement, but apparently he is reading his speech.

Mr. BERTRAND (Terrebonne): It will take me only a minute to complete my speech.

Some hon. MEMBERS: Go on.

Mr. BERTRAND (Terrebonne): These are as many domains to which democracy may spread its numerous activities without falling into depressing and guilty socialism, as many domains which it may animate at a much lower cost than what we will spend on this war. General prosperity is the basis of the individual welfare. The individual welfare assures peace to a nation. Therefore, all classes of society should be invited to cooperate in the task of reconstruction and in balancing our economy upset by the war; youth especially,

since no other class can better defend our social structure. Let us give ideal to youth. Let us help it and give it momentum. Youth is the foundation of the nation. Let us secure its welfare and consequently its happiness. I want the youth of my country to be happy and prosperous. If it is happy and prosperous the whole nation will also be happy and prosperous.

Mr. W. F. KUHL (Jasper-Edson): Mr. Speaker, during the course of his remarks on the budget, the Minister of Finance (Mr. Ilsley) made reference to the coming dominion-provincial conference and indicated that at that conference attempts would be made to arrive at an agreement with regard to taxation. I intend to use the minister's reference to the dominion provincial conference as a cue to some remarks I should like to make with reference to the issues which will no doubt arise in that conference.

The constitutional relationship of the provinces and the dominion on various matters will no doubt receive most of the attention of this conference, and this evening I should like to discuss some of the implications of the conference. First I want to say that I am dissatisfied with the constitutional position obtaining in Canada at the present time and I am also dissatisfied with the trend we are witnessing in constitutional matters. "We are fighting for democracy" is a statement which has been worn almost threadbare, and I think the time has arrived in our national history and at this stage of the war when we ought to define what is involved in the term "democracy".

I have listened to speeches; I have read editorials and articles, booklets and pamphlets and books, and it is my view that everything from anarchy to absolute dictatorship is being propagated in the name of democracy. Calling a philosophy democracy does not make it such any more than calling a skunk a pussy-cat will make it one. I think it is high time that we indicate what democracy actually consists of. My view is that one of the essential characteristics of democracy is decentralization of power and control. As dictatorship involves centralization of power and control, conversely democracy must involve decentralization of power and control.

I think it is apparent to everyone these days that we are witnessing, not only in Canada but throughout the world, a trend toward more and more centralization. It would appear that we can never get large enough organizations. Instead of having organizations in which one or two countries are associated, most people are now talking in terms of world organization.

[M. L. Bertrand.]

Personally I think that is a very dangerous trend. It is just possible that it can end in a world dictatorship. We are being told in this house and throughout the country that in order that the dominion government may attempt to solve some of the pressing national problems adequately the provinces must more and more relinquish their powers. We hear that argument presented constantly in this house and elsewhere. It is my view that it is positively false to contend that under the British North America Act the dominion government has not sufficient powers to discharge its responsibilities. Under the terms of the British North America Act the dominion government is vested with full control over all matters pertaining to banks and banking and over all matters relating to money, and money control is absolute control. The government which has the right to exercise control over money matters has control over everything. Therefore I assert that it is false to say that the dominion government has not sufficient powers under the British North America Act to discharge its responsibilities.

Not long ago we had a discussion on old age pensions, and it was argued that we would never have a proper uniform system of old age pensions until the whole matter was concentrated in the dominion government. I differ decidedly with that policy, as well as with similar policies which have been advanced. If the dominion government exercised the right which it has under the British North America Act it could make available money sufficient to meet the needs not only of the provinces but of the municipalities. That I consider is one of the major responsibilities of the central government. If the dominion government saw that the provinces and municipalities had at all times sufficient money to make financially possible that which was physically possible there would be no need for all these discussions over jurisdictional disputes. I say that the dominion government has been adopting a dog in the manger attitude. It will not eat the hay itself and it will not allow anybody else to eat it. The dominion government has been making the British North America Act the scapegoat for all its own sins, its sins consisting of its neglect and its obstinate refusal to exercise the powers which the dominion government has under the British North America Act. That, of course, is an argument on the basis of the British North America Act.

Yet I wish to assert this, Mr. Speaker. Even though I believe the dominion government has sufficient powers under the British North America Act as it stands to discharge all its responsibilities, I am still not satisfied, not-

withstanding this belief, with the constitutional position obtaining in Canada at the present time. It is my view that we have not been for some considerable time and that we are not now governing ourselves democratically. Our constitutional position is full of anomalies and contradictions and they are not conducive to democratic government. In times past in this house I have lodged my protest against this situation and I have indicated what I considered was the logical thing to do under the circumstances.

I have not since the commencement of this war made any reference to the subject, but now that we are thinking and talking in terms of post-war and of the new Canada that we desire to build, I feel that the time is appropriate once more to raise this question. Hence my reason for doing so at this stage when I omitted making any reference to it during the years of the war that have already passed.

The youth and others of Canada are paying with their life's blood to preserve what we call the democratic way of life. Surely since that is the case we should practise democracy in Canada and see to it that we have a set-up which is in harmony with democratic principles. I wish to see established in this country those principles for which the youth of our land are giving their lives. I wish to see a genuine, true democracy, and that is the thought which inspires my remarks here this evening—that and nothing else. I must say that the circumstances which prevail in Canada constitutionally and have done for a number of years certainly do not inspire one. I should like to make reference to a few of the things in Canada's constitutional position which certainly do not inspire one.

Despite the magnificent contributions which Canadians are making in the war effort; despite the contributions which Canadians have always made to the history of this country and to economic and other phases of our national life, the constitutional position is such that there is no provision in Canada's statutes for a Canadian as such. No one in Canada, whether he be a native-born citizen or a naturalized citizen, has yet the privilege of calling himself a Canadian. He is not permitted to be enumerated on the census as a Canadian.

Furthermore, we proclaim that we are a self-governing people, that we are autonomous, and yet when matters of jurisdictional dispute arise we speak of proceeding to another country to amend our so-called constitution—another contradiction of which we certainly cannot be proud.

In recent years the power of disallowance of provincial legislation has been resorted to. I consider that a most undemocratic practice which certainly should not exist in a country calling itself a democracy. Yet the power seemingly is there.

Once more we refer to Canada as a confederation and to the British North America Act as a federal constitution. Yet the fact is that the British North America Act was never submitted to the people of Canada for their approval. The people of Canada neither in 1867 nor since were consulted about the British North America Act.

Furthermore, the central government is often referred to as the federal government, and yet we have no federal district proper, such as the District of Columbia in the United States, or the District of Canberra in Australia, or other federal districts which exist in countries which have federated.

We claim that we are a sovereign self-governing people, and yet we have no distinctive national emblem to symbolize our position.

These are just some of the contradictions and anomalies that exist in Canada's present constitutional position. There are many more but I have not time to enumerate them.

As a private citizen I feel much humiliated at being obliged to accept these contradictory positions in our constitutional structure. I have protested against this situation before; I do so again tonight, and I shall continue to do so until it is remedied.

We are proposing at the present time, since victory is certain, to reconstruct Canada particularly for the benefit of our nation's heroes. The Minister of Finance stated that at the dominion-provincial conference which is to be held, revisions of taxation and other matters of mutual interest will be considered. I wish to suggest from my place in this chamber that among the most important things which could be considered at this conference are the matters to which I have just referred.

In the remainder of my remarks I wish to indicate what accounts for all these anomalies, why they exist and what ought to be done to remove them. In doing so I am not posing as a constitutional expert. The matters on which I wish to speak are such as every citizen, in fact every high school or public school student, should be familiar with. In saying this I am reminded of a statement made by W. P. M. Kennedy, professor of constitutional law, Toronto university, in 1935 in giving evidence to the special committee on the British North America Act. He said:

If we are not capable of interpreting our own constitution we should not have a legislature at all.

That is an appropriate remark. Hence I consider that I am not in the least presumptuous in attempting to discuss a matter of constitutional relationships in Canada. Certainly the elementary principles which govern these relationships should be familiar to everyone. There is not a citizen but should know by what authority we in Canada are governed.

In the few moments yet at my disposal I shall endeavour to present what I regard as a reasonable and logical argument, and to support the statements I make with such evidence from recognized authorities as it is possible to present on this occasion. To those who are inclined to disagree with the statements I make, I say, if they disagree let them counter my arguments with arguments which are reasoned and logical. In times past when I have presented this case I have been subjected to a good deal of scoffing and jeers and ridicule. Such conduct is usually the mark of defeat. Personal abuse and ridicule are not an answer to reason and logic.

In an endeavour to account for the anomalies to which I have referred, and in order to suggest what I think is the solution to remove these anomalies, I am going to endeavour to prove this proposition: that, since the enactment of the statute of Westminster, on December 11, 1931, all power to govern in Canada has resided with the provinces of Canada, and that all power legally remains there until such time as the provinces sign an agreement and ratify a constitution whereby they may delegate such powers as they wish to a central government of their own creation.

To support this proposition a few facts of history must, I think, be adduced. The first point I wish to make is that when the fathers of so-called confederation first thought of confederation they did actually conceive of a federal union proper; it was the aim and the ambition of the fathers of so-called confederation actually to consummate a federal union in Canada. That is the view I hold as a consequence of the history I have been able to examine.

One of the things which indicates this to me is the preamble of the Quebec resolutions, which reads as follows:

> The best interests and present and future prosperity of British North America will be promoted by a federal union under the crown.

The term "federal union" is used.

Then again, there is clause 70 of the Quebec resolutions, which indicates that whatever agreement was arrived at would be submitted to the provinces and to the people. The clause reads as follows:

> The sanction of the imperial and local parliaments shall be sought for the union of the provinces on the principles adopted by the conference.

In the draft British North America Act which was prepared by the fathers of confederation we find a repealing clause which certainly indicates that this draft bill provided for a proper federal union. It reads as follows:

> From and after the union, all acts and parts of acts passed by the parliament of Great Britain, the parliament of the United Kingdom of Great Britain and Ireland, the legislature of Upper Canada, the legislature of Lower Canada, the legislature of Canada, the legislature of Nova Scotia, the legislature of New Brunswick, which are repugnant to or inconsistent with the provisions of this act shall be and the same are hereby repealed.

That certainly indicates, I believe, that what the fathers of confederation were actually aiming at was a federal union proper. I believe they were well aware of what was involved in creating a proper federal union, for at that time there was a civil war raging between the federal union and the confederacy in the United States.

I assert that, from the history which I have examined, neither the spirit nor the terms of the Quebec resolutions were carried out in the British North America Act. There is no evidence which I have been able to discover to indicate that the preamble which we find on the British North America Act in printed copies here to-day was ever mentioned either in the House of Lords or the House of Commons. The preamble which appears on the present British North America Act refers to Canada as nothing but a united colony, whereas the Canadian preamble intended that Canada should be a federal union. When the preamble was discussed in the House of Lords, Lord Carnarvon, who introduced the bill on February 19, 1867, used these words, as reported at page 559 of the British *Hansard*:

> The bill opens by reciting the desire of the several provinces to be federally united.

And again we find Lord Campbell, speaking on the bill, on February 26, making this statement, at page 1012-13 of the British *Hansard:*

> The bill is founded, I believe, on what is termed the Quebec scheme of 1864. . . . Our lights indeed may be imperfect upon this part of the subject, and I will not dwell upon it. But one thing is clear: The preamble of the resolution comes before us in full and perfect authenticity.

I think it is quite evident from the quotations I have read that the preamble which was discussed was the preamble of the Quebec resolutions, but the preamble we find in the

printed copies of the British North America Act to-day was not even mentioned. I spent some considerable time on one previous occasion indicating the consequences of such a position, but I have not the time to go into that to-night.

Another point of significance in the passing of the British North America Act at that time is the undue haste with which it was passed. The second reading was called for, but the bill was not even printed. It was given third reading on February 26 in the House of Lords, and the second reading was called for on February 28 in the House of Commons without the bill having been printed.

Mr. GRAYDON: There are more modern precedents than that.

Mr. KUHL: No doubt there are, but I would point out that this is a matter which cannot be treated lightly. Sir John A. Macdonald did not approve this. When the draft bills were being considered at the London conference, as I pointed out in this house once before—and I have a copy of the draft bill at the London conference which Sir John Macdonald had and which we find quite disfigured—he indicated his disapproval of the words that referred to making Canada a united colony, and he substitutes the words, "federal union". I could elaborate on that much more extensively, but time will not permit my doing so. I conclude that aspect by saying that although the fathers of confederation did intend to create a federal union in Canada, for reasons which I have not the time this evening to discuss, they were not able to consummate the federal union they desired. All they accomplished or were permitted to set up in Canada at that time was a united colony, and to substantiate that statement I will quote from Sir John Bourinot in the book "In Canada Under British Rule" at page 215:

> It is interesting to know that in the original draft of the bill the united provinces were called the Kingdom of Canada, but when it came eventually before parliament, they were designated as "the Dominion of Canada", and the writer had it from Sir John A. Macdonald himself that this amendment did not emanate from the colonial delegates but from the imperial minister.

Another point which substantiates that is the clause in the Interpretations Act, section 18, paragraph 3, which defines the term "dominion". We use the terms "dominion" and "federal" interchangeably, but they are not one and the same thing. The Interpretations Act was passed expressly to define the term "dominion", because we find this:

> The expression "colony" shall mean any of Her Majesty's dominions exclusive of the British islands and of British India; and where parts of such dominions are under both a central legislature and local legislatures, all parts under the central legislature shall, for the purpose of this definition, be deemed to be one colony.

It is therefore clear from this that Canada's position after the enactment of the British North America Act was that of a colony under the term "dominion". I had intended to point out the differences constitutionally that existed before the British North America Act and immediately after, but my time will not permit. The fact is that through the British North America Act Canada was demoted from a self-governing country to a colony. All the powers of self-government in Canada were removed and most of the power was personally in the governor general as agent of the imperial parliament. Section 11 gives him power to summon, appoint and remove from time to time members of the privy council for Canada. Section 14 gives him the power to appoint a commission to the Yukon accountable only to himself, and under section 24 he appoints the senate, while under sections 55, 56 and 57 the power of disallowance over dominion legislation is reposed in the governor general and under section 90 the power of disallowance over provincial legislation, and above all, prior to the British North America Act, the Colonial Laws Validity Act of June 29, 1865, gave the governor general the right to disallow any legislation by simply publishing the fact in a newspaper. Section 6 of the Colonial Laws Validity Act, the effect of which incidentally was removed by the Statute of Westminster, declares:

> Any proclamation purported to be published by the authority of the governor, circulating in any newspaper in the colonies, signifying Her Majesty's assent to any such colonial law, or Her Majesty's disallowance of any such reserved bill as aforesaid, shall be prima facie evidence of such disallowance or assent.

I see it is eleven o'clock, Mr. Speaker, and I have five minutes left. If it is agreeable to hon. members I do not mind concluding, but I should like to have my five minutes. I take it that the house is agreeable. I was attempting to establish that Canada did not become a federal union in 1867 but rather was demoted to the position of a united colony with the supreme control of power still residing in the imperial parliament through their agent the governor general in Canada.

Just a quotation or two from the special committee on the British North America Act of 1935 in Canada. A federal union is defined by Beauvier in his law dictionary as follows:

> It consists of a union or confederation of sovereign states, created either by treaty or by mutual adoption of a federal constitution.

That implies that a treaty or agreement must be signed by the appropriate authorities and ratified. As to whether the British North America Act was an agreement or a treaty, here is some evidence. Doctor Ollivier at page 54 of the special committee, says:

> To revert to the statement that confederation is a contract, this proposition contains a number of fallacies: First, confederation so-called is not a confederation; and second, it is not a contract.

Again, Doctor W. P. M. Kennedy, at page 69, says:

> I approach this problem as a practical problem and I think we have got to get away from the idea that the British North America Act is a contract or a treaty. I do not want to go into that, but it is true neither in history nor in law.

At page 115 we find Mr. Norman Rogers giving evidence and he is questioned by Mr. Cowan:

> You do not subscribe to the belief that this was a pact or contract?
> Mr. Rogers: I am thoroughly convinced it is not either in the historical or the legal sense.

Our own Clerk, Doctor Beauchesne, at page 125, said:

> It is quite true that if we applied to the British North America Act the principles followed in the interpretation of statutes, it is not a compact between provinces; it is an act of parliament, which does not even embody all the resolutions passed in Canada and in London prior to its passage in the British parliament where certain clauses that had not been recommended by the Canadian provinces were added.

I think that is sufficient evidence to substantiate my claim.

I was going to draw a comparison between the federal constitution of Australia and what we have in Canada, but time does not permit me to do so. Therefore I wish to conclude by asserting that we continued from 1867 to December 11, 1931, as a united colony. That situation was changed on December 11, 1931, by the statute of Westminster; whereas we were not self-governing we became self-governing. But what was the position? The provinces were not able to federate in 1867. They were not permitted. They would have to draft their own agreement, draft their own constitution and submit it to the people for ratification. They did not do that in 1867. The privilege to federate was therefore a future privilege and therefore, before the provinces could federate, they must become free, independent and sovereign. By section 7, paragraph 2, of the statute of Westminster the provinces of Canada were made sovereign, free and independent in order that they might consummate a federal union which they had wished to consummate in 1867 but were not permitted to do so. Since December 11, 1931, the provinces have not acted on their newly acquired status. There has been no agreement signed between the provinces since 1931. There has been no constitution adopted; the people have not been consulted on anything. There is not a scratch of a pen in Canada showing where there is any agreement between any of the provinces constituting anything.

I think the most important aspect of this whole situation is the sovereignty of the individual citizens of Canada which is involved. John Locke has this to say on the question of individual sovereignty:

> Men being by nature all free, equal and independent, no one can be put out of this estate and subjected to the power of another without his own consent. The only way whereby anyone divests himself of his natural liberty and puts on the bonds of civil society is by agreeing with other men to join and unite into a community.

I wish to assert, Mr. Speaker, on that basis that the people of Canada did not have the privilege in 1867 to agree to anything and they have not done so since 1931. I contend as a citizen of this country that I have been put out of my state of independence without my consent, and that applies to every citizen of Canada. I demand, therefore, that proper steps be taken in the Dominion of Canada to establish a constitutional position which is in harmony with our status.

If the house will bear with me these are my last words. What is the starting point? This brings me back to some more evidence given to the special committee on the British North America Act in 1935. At page 116 Mr. Cowan was questioning Mr. Norman Rogers and he said this:

> Mr. Cowan: You get back to this: your start is another interprovincial conference?
> Mr. Rogers: I am afraid it is. I see no feasible alternative.
> Hon. Mr. Lapointe: There is no doubt about it.

Then we have the evidence of Doctor Skelton at page 42 which is as follows:

> No other country in the world looks to the parliament of another country for the shaping of its constitution. This solution would only be supported if we believe that Canadians are the only people so incompetent that they cannot work out a solution of their constitutional problem, and so biased that they alone among the peoples of the world cannot be trusted to deal fairly with the various domestic interests concerned.

On a previous occasion in this house I quoted Doctor Beauchesne's suggestions as to how to overcome the situation which exists in Canada, and if the house will permit me I should like to give the quotation at this time. Doctor Beauchesne had this to say, and with this I shall close:

The Statute of Westminster has altered our status. . . . What we want is a new constitution.

The new constitution must leave nobody with a grievance. A spirit of conciliation should predominate. For these reasons, the task must be entrusted to an independent body in which all the elements of the country will be represented. I want the assembly to sit in a city in the west. It would not be necessary for a delegate to be a member of parliament or of a provincial legislature. I would suggest that the assembly do not sit in Ottawa, in order that it may not have the appearance of being dominated or even influenced by the dominion power; and, as the western provinces are of such paramount importance in the country, I suggest the best city for the representatives to gather in would be in Winnipeg.

Whether our country should be changed from a dominion to a kingdom is also a subject which might be discussed. I would suggest that the country could be called "The Federated States of Canada." There have been many disputes about provincial rights since 1867 and it seems certain that when a new constitution is drawn up the distribution of federal and provincial powers will have to be modified.

I have presented what I consider is a reasoned and logical argument. It is a subject which cannot be discussed properly in the short period of forty minutes. I take this thing very seriously. I think the time is long past due when we the people of Canada should do something about this serious situation. I believe the statements I have made warrant a reply on the part of some one of the government, either the Prime Minister (Mr. Mackenzie King), the Minister of Justice (Mr. St. Laurent) or some other spokesman for the government. I think they also warrant a statement on the part of the provincial premiers of this country and I shall await their remarks and observe what attitude they take.

On motion of Mr. Homuth the debate was adjourned.

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

Tuesday, July 4, 1944

The house met at three o'clock.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 157, for the relief of Everett Roy Clow.—Mr. Douglas.

Bill No. 158, for the relief of Elmore MacLean MacKay.—Mr. Douglas.

GENERAL DE GAULLE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the house will be interested to learn that General de Gaulle has accepted the invitation of the government to visit Ottawa. It is expected that he will be here in about a week's time, for a brief stay immediately following his visit to the United States. In view of the great interest which will be aroused here by the presence of this distinguished French leader, arrangements will be made, with his consent, for General de Gaulle to appear publicly on parliament hill before the proceedings of parliament open on the day he happens to be here. Details of the arrangements will be announced as soon as possible.

Mr. GORDON GRAYDON (Leader of the Opposition): May I thank the Prime Minister for informing the house as to the arrangements made for General de Gaulle's visit. As the Prime Minister will recall, I made inquiry on an earlier occasion and my right hon. friend was good enough to say that he would give the information as soon as possible.

INDEPENDENCE DAY

FELICITATIONS TO THE GOVERNMENT AND PEOPLE OF THE UNITED STATES

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, as this is Independence day in the United States, will the Prime Minister inform the house whether the government has made any move toward sending our felicitations and best wishes to the United States government.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Yes. As my hon. friend is aware, I received from the President a most cordial communication on Dominion day, and I have sent to him to-day on behalf of the Canadian people a communication which, I hope, may prove to be equally felicitous.

WHEAT

ISSUE OF CHEQUES FOR PARTICIPATION CERTIFICATES

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I should like to ask a question of the acting Minister of Trade and Commerce, with respect to the hold-up or delay in the issue of cheques for participation certificates in respect of the sale of wheat. Would he explain what the situation is, and when it is expected this job may be completed?

Hon. T. A. CRERAR (Minister of Mines and Resources): I have not the information which would enable me at this time to answer the hon. member's question. I do know that

a very considerable amount of work has been involved in getting these payments out. I shall make inquiries, and I may be able to give the hon. member a report to-morrow.

Mr. PERLEY: Read the report of the committee on agriculture, where the question was asked and answered.

INTERNMENTS

MR. CAMILLIEN HOUDE

On the orders of the day:

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): I wish to ask the hon. Minister of Justice (Mr. St. Laurent) a question. Has he received the medical report following the examination of Mr. Camillien Houde, together with the document he is supposed to have signed?

Hon. L. S. ST. LAURENT (Minister of Justice) (Text): Mr. Speaker, the hon. member has inquired if I have received a report from the physicians concerning the physical condition of Mr. Camillien Houde, and if I have received a certain document he is supposed to have signed. I know of no document he is supposed to have signed, and I have not yet received any report from the medical men who, I understand, have made a physical examination of Mr. Houde. I inquired this morning, and no report had yet reached the Department of Justice.

Mr. SPEAKER: May I suggest that this question might have been placed on the order paper. Any further questions along this line will certainly have to be so dealt with.

HOUSING

UNITS FOR SOLDIERS' DEPENDENTS—SALE OF HOUSES TO PRESENT OCCUPANTS—EVICTION OF FAMILIES OF ENLISTED MEN

On the orders of the day:

Mr. LIONEL CHEVRIER (Parliamentary Assistant to the Minister of Munitions and Supply): On Friday of last week the hon. member for York West (Mr. Adamson) asked if a conference had taken place between Wartime Housing Limited and the Soldiers' Dependents' Society of Toronto, with regard to the building of one hundred units for soldiers' dependents. The answer is yes, and a contract has been entered into between Wartime Housing Limited and the city of Toronto for the construction of a certain number of these houses. Construction will proceed shortly.

The hon. member for Cumberland (Mr. Black) asked if any steps were being taken by the department to facilitate the sale of wartime houses to war workers who are now occupying them. Thus far it has been the practice of the department to refuse to sell wartime houses under any circumstances, the reason being that these houses are considered necessary for essential war purposes. If there is to be a change in this practice it will be a matter of government policy which will be announced in due course.

Mr. GRAYDON: Is the parliamentary assistant yet in position to answer the question I propounded to him, I think either on Thursday or Friday, with respect to eviction or removal from wartime housing accommodation of dependents of war workers who had enlisted.

Mr. CHEVRIER: I received the clipping from my hon. friend this morning only and I am not yet in position to make a reply. I will do so as soon as I can.

Mr. ADAMSON: The position of the soldiers' dependents is frequently desperate, and these houses are urgently needed.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Monday, July 3, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the proposed amendment thereto of Mr. Rowe.

Mr. KARL K. HOMUTH (Waterloo South): Mr. Speaker, there is an old adage that chickens will come home to roost. Considered in relation to the problems with which this government is faced, perhaps no truer statement was ever made. Some of these old ghostly, moulting and non-productive chickens are coming home to the Liberal government hencoop. Their condition is such that they threaten to destroy the whole flock. It is with some of those chickens that I wish to deal to-day, because they have cost and are costing the Dominion of Canada millions of dollars.

As I sit in the house I often wonder what passes through the mind of the Prime Minister (Mr. Mackenzie King) as he sits gazing around the house and counting the number of parties therein. I look back a few years when the Prime Minister stood in his place in this house, pointed to the third party which then existed and asked, "Who is responsible for that?" He said, "The Conservative party is responsible. Why are they responsible?" The reply was, "Because they have brought so

much discontent into the country, they have caused so much disunity that the malcontents have formed a party of their own."

I look over the house to-day and count the number of parties. It is a goodly number. First, we have the Progressive Conservative party. I name that party first because when the election is over it will be first. Second, we have the Cooperative Commonwealth Federation party. Then we have the Social Credit party. Then we have the unity party; then the Bloc Populaire party; then the Two Mountains party. Then we have the Liberal party divided into three parts. On the one hand we have the party of the hon. member for Wentworth (Mr. Corman), the party to which he referred in his speech in Hamilton as the "dead guinea pig party." Then we have the party of the hon. member for Hamilton East (Mr. Ross), which was referred to at the same meeting as the "nothing party." I would say that that is the largest group in the Liberal party. Then of course we have the official Liberal party, which is gradually dwindling.

This gives a true picture of the discontent, the disunity and the dissatisfaction that have grown up in this country during the last few years as a result of the administration given by the present government. It has been a government of bureaucrats, of orders in council, a government which in spite of its promises has neglected to take labour, farmer and other appreciable groups in this country into its confidence in order to discuss their problems with them.

I intend to-day to deal particularly with the income tax and manpower policies. There are many inequalities in the income tax act. If there is one act on the statute book that should be ironclad, that should not be subject in any way to the likes or dislikes of some administrator, that should not be subject to appeal by some member on behalf of a taxpayer, it is the income tax act. When the hon. member for Dufferin-Simcoe (Mr. Rowe) was speaking in the house the other day he referred to the tax on farmers, and the Minister of National Revenue (Mr. Gibson) said that they were allowed to spread this over five years.

There is nothing in the statute which permits the government to do that, but apparently they can do it if the officials wish to do it. In other words, there is a law which permits the government to exercise its friendship or dislike in order to give to its friends a five-year spread, and to those it dislikes only one year. There are farmers who have had to pay it. Perhaps if they appeal to the department they may get that spread, but it should not be necessary for a man to have to go to his member to have an appeal made on his behalf to the income tax department.

Mr. GIBSON: That is only where the entire stock is being sold, a dispersal sale. It is not a case of distributing annual income over a period of years.

Mr. HOMUTH: Quite right, but in some cases it has been taxed and in other cases it has not. If there is one law, I say, that should be ironclad and not subject to the interpretation of departmental officials it is the income tax act.

There is another provision in the income tax act which I think is grossly unfair. I refer to the taxation of the various ministerial pension and relief funds. I believe appeals have been made to the Minister of Finance (Mr. Ilsley) with regard to this, but nothing has been done. They have been advised that when the money is paid out in the form of annuities it will not be taxed. It cannot be taxed because these old ministers who have put in years and years in the service of their churches will not receive sufficient as annuities to be taxed. These are some of the inequalities that exist under this act.

One matter which is perhaps causing the most concern is the income tax on industrial workers. We have had a peculiar set-up since the war began. There has been tremendous extravagance since the war began; millions of dollars have been wasted in the construction of army camps and other necessary buildings.

Some hon. MEMBERS: Necessary?

Some hon. MEMBERS: Oh, oh.

Mr. HOMUTH: Millions of dollars were spent in the construction of plants to make munitions of war. Much money was wasted because men had to stand idle while plans and specifications were changed. The people of this country realize that that was necessary and they did not find fault. They knew we were at war and they were willing to make any necessary sacrifice. But as we went along we built up in many of these centres an average of wages that was far beyond the wages paid in other parts of the country. The average of wages around some of these military camps had reached such a level that if a man knew one end of a hammer from another he could get a job tacking tar paper on buildings at seventy to seventy-five cents an hour, with double time on Sundays and time-and-a-half for overtime. Men left the farms to go into the towns and cities to earn these wages, and the result was that the whole industrial and agricultural economy in those districts was

disrupted. Then came the freezing of wages. Where men in one section were getting very high rates of pay, that was the rate at which wages were frozen in that section; where men in other sections were getting low wages, that was the rate at which wages were frozen there.

New plants were completed, but one thing more was needed—employees. We had a tremendous shortage of tool makers, machinists, skilled workers in all the different iron trades. The men in these trades were willing to work long, hard hours; they were willing to work overtime; they were willing to do anything in the war effort, because they felt it was part of their job. Then some bright mind in the Department of Finance or within the ranks of the government conceived of the income tax as now applied to industrial workers. First there was the national defence tax. That was done away with and a straight income tax was imposed instead. Who are the bright minds in the department who know anything about industry? Who are the men in the cabinet who know anything about industry? You have a couple of men there who used to be farmers, you have some lawyers and you have some business brokers, but you have only one man in the cabinet who knew anything about industry and that was the Minister of Labour (Mr. Mitchell) himself. He did know industry; he did know labour; he did know the conditions under which labour works. When he was first appointed to the cabinet I felt, and I believe the feeling was general across this country, that at last the government of the day was extending itself to the point of taking into the cabinet someone who was was non-partisan, who was not of the Liberal party, because of the knowledge that he had of the department over which he was presiding. I remember meeting him one morning in Toronto on his way to his by-election campaign in Welland. I congratulated him upon his appointment. I suggested to him that he had the confidence of the people of this country and of labour particularly. I think perhaps I have known the Minister of Labour longer than any other man in this house, but in congratulating him I said this: "I believe you can do a job in that department if you are permitted to do it, but I am afraid that your job will be predicated not upon the needs of labour or of industry or of production in this country, but rather upon political expediency." I think, Mr. Speaker, that that is what has happened, because I cannot conceive of the Minister of Labour sitting in a cabinet and agreeing to the enactment of an income tax act the effect of which could only be to cause absenteeism in industry.

We have a tremendous labour shortage in this country. We go to men and appeal to them to work overtime. But the Canadian people have learned how to work out the income tax. The Canadian people cannot be fooled. The Canadian worker sits down and figures out that if he works on Saturday afternoon over and above his regular time he gets very little extra pay for it because of the income tax; if he works overtime he gets very little pay for it.

Then the appeal went out to women to work in industry, married women who could get away from their homes. Come into industry—we need you. That was the appeal, and the women came. Some will say that they came for the money. I know many of them who came into industry and who had sons overseas. They came in—why? Because they felt they could do a job, because they felt it was their duty to come into industry and produce the things that were so necessary in the carrying on of this war. They came in, and what happened? As soon as they started to earn money the whole tax structure in that home changed. Immediately these women were penalized for going out and doing a necessary war job. Is it any wonder that we say now, and I have always contended this, that any extra pay for overtime should not be taxed, that we should sit down and work out a system of taxation that will bear less heavily on the industrial worker so that we may get longer hours of work and greater production, and at the same time bring more money into the treasury?

On June 19 a meeting was called in the city of Toronto by one of the officers of the wartime prices and trade board. The heads of industry of western Ontario were invited to attend. I went there. Evidently a very large gathering was not expected because the first thing they knew there were between four and five hundred men at the meeting, and they had to hurry out and grab more chairs until the ballroom of the Royal York was filled to capacity. Who were the four or five hundred men who attended that meeting? They were men who were operating industry in western Ontario. They were men who knew all about industrial headaches. They were men who knew all about the troubles of industry in getting production, in keeping the lines working, in keeping the machines busy. These men came to that meeting because they felt that they would have an opportunity to discuss their problems. They were men who knew the headaches of absenteeism and could do nothing about it.

We went into the meeting and were handed the agenda. The agenda provided for a speech from one gentleman from selective service. It provided also for a speech from a gentleman from the Department of Labour, and then it provided for the showing of a motion picture. At the bottom of the agenda it said: "No discussion will be permitted, but if you have anything to discuss there are a large number of men here from the Department at Ottawa and you can sit down privately and discuss those matters with them." Five hundred men had given up their time and money—

Mr. MITCHELL: I would like to know the name of the man who said that.

Mr. HOMUTH: Go and look at the agenda. It says right on the agenda: "No discussion will be permitted."

Mr. MITCHELL: Whose agenda was it?

Mr. HOMUTH: The agenda was drawn up by the wartime prices and trade board, who called the meeting.

Mr. MITCHELL: My hon. friend said selective service.

Mr. HOMUTH: Pardon me; I did not.

Mr. MACKENZIE (Vancouver Centre): Yes, you did.

Mr. HOMUTH: I said that a man was there from the selective service to make a speech. My little friend from Vancouver Centre will please keep quiet—I mean little mentally.

Mr. MACKENZIE (Vancouver Centre): It would be better if you did too.

Mr. HOMUTH: I said that a speaker from selective service spoke at the meeting.

Mr. MITCHELL: You got mixed up in your thoughts.

Mr. ROWE: You got mixed up in your agenda. Who wrote the agenda?

Mr. HOMUTH: A Mr. Mackenzie and, I think, a Mr. Hooker.

Mr. MITCHELL: My hon. friend is trying to be too clever.

Mr. HOMUTH: I do not have to take any lessons from the Minister of Labour as to truthfulness; let me tell him that. I have known him too long.

Mr. GARDINER: You might be mistaken.

Mr. HOMUTH: This meeting was called, as I say—

Mr. MACKENZIE (Vancouver Centre): By whom?

Mr. HOMUTH: These men came there in the hope that they could discuss these problems, that as a result of the knowledge thus gained they could send recommendations back to the government, and that the government would then benefit by the advice of perhaps the most representative group of men who could be gathered together at any time in any part of this country. Instead of that, no discussion was permitted, until in the afternoon groups gathered again. There was no general discussion; little groups gathered here and there, but these men could do nothing, they could not take recommendations back to this government. Why? The speeches they made were fine and were well delivered, but they dealt with things which we in industry have known for years and which most industries have put into practice. The advice they gave would have been excellent four or five years ago, but now is not the time to tell the industrialists of western Ontario how to do these things. These men simply came to tell us, without discussion, what to do. They had no cure for such industrial ills as absenteeism. Everything that was done had to be predicated on government policy. When these various laws which deal with industrial workers were being drawn up, how often were the heads of labour and of industry invited to take part in the discussions? I venture to say that if the government had selected any six men from the employers' group and any six representatives of labour that day they could have sat down and worked out income tax provisions covering industrial workers which would have brought the government more money, would have given us greater production because it would have led to more work, and would have borne less heavily on the people who pay the taxes. Instead of that course being taken, recourse is had to so-called experts, college graduates, economists and so on, men who have no idea whatever of the headaches which industry experiences in trying to maintain production. Now—

Mr. GARDINER: The hon. member should read his speech.

Mr. HOMUTH: One thing I will say about the Minister of Agriculture (Mr. Gardiner) is that he, like myself, has never read a speech in this chamber. Perhaps it would be better if we did.

Another of the headaches of industrial workers is in the making out of income tax forms. I do not know of any official requirement which has caused them more concern.

Year after year they are told that a simplified form will be provided, but when the form comes out it is more of a mystic maze than ever. I believe that an easier and better way of collecting income tax could be devised for our industrial workers. Many who since the war began have been forced to make out income tax forms never before had to deal with government, and when the order was issued that on such a day the return must be in, they were worried and bothered. The same trouble occurred in the United States, so that recently they simplified the collection of income tax from those who pay on an income of $5,000 or less per year. In the *Monetary Times* of July, 1944, is an article on the tax simplification measure which has been passed by the United States Congress. I quote a clause on page 73 which I think is interesting and to which the government could well give attention with a view of trying to work out some such system here:

> It is in the handling of taxes on wages and salaries the greatest simplification has taken place. An individual earning up to $5,000 a year, with $100 from other sources allowed, will have his total tax withheld at the source of income. He will be permitted to claim a flat deduction of 10 per cent to cover donations to churches, charities, et cetera. At the end of the year he will receive from his employer a statement showing his total earnings and the amount of tax deducted. The individual will put down on this paper his marital status and dependents and whether he had earnings from other sources. Total income and tax deductions will be set out. The statement will be sent to the treasury department and the officials there will do the calculating. If he owes the government additional taxes he will be billed in thirty days. If too much has been deducted he will get a refund.

Now that compulsory savings has been done away with it may be much easier to simplify the income tax return, because taxpayers will not have to cite their various insurance policies and so on. If there is one object at which the Department of National Revenue should aim, it is the simplification of these returns. At the present time they are a headache to the people who have to fill them out, and also to every branch of industry, because office staffs are kept busy making out returns for their employees.

Let us deal for a moment with the question of compulsory savings. In his budget speech the other day the Minister of Finance said that the decision not to continue compulsory savings would be a great boon to industrial workers and others, and he pointed out that there would be more money in the pay envelope. It looked to me like a subtle attempt to bribe the industrial workers of this country with their own money. If he wished to do something effective he should have reduced the income tax rate, and then the compulsory savings could easily have been kept going. But the workmen in the factories are not going to be misled into supposing that they are getting something from this government; all that has been conceded to them is money which they would have eventually received any way. What they are interested in, and the one thing they are interested in, is the rate of income tax. In supporting the amendment of the hon. member for Dufferin-Simcoe (Mr. Rowe), I express the opinion that every hon. member who represents an industrial riding believes as we do, that there should be an exemption at the very least up to these amounts, and that in that way we would be able to encourage our industrial workers to work more hours and get much greater production.

Here we have a cry going up from the Department of Munitions and Supply for thousands more men to go into the shell factories and the shell filling plants because it is found suddenly that there is a greater need for shells than was anticipated. Well, where were they going to get these men? At the same time, the selective service was calling men from the farms and factories, and so these men were removed from one industry to another with the result that the whole industrial picture of the country was disorganized, until to-day industries that are working on necessary military production have in many instances reduced production by fifteen, twenty, and twenty-five per cent. If there is one thing that has caused disorganization it is the manner in which the whole man-power policy has been handled.

I realize apparently men are needed for the army—not from anything in particular that the Minister of National Defence (Mr. Ralston) has told us in the house as to requirements for the army, but certainly his officers who go from one end of the country to the other, and the advertisements that have appeared in the newspapers of the country, which must cost a very considerable sum of money, have made it known only too well how badly men are needed for reinforcements for overseas. Yet at the same time we keep calling men from the farms and from necessary industrial jobs and sending them into this home defence army. I do not think the people of Canada will ever forgive this government for the way in which they have handled the whole man-power situation.

Mr. MITCHELL: We are not calling men from the farms.

Mr. HOMUTH: You are calling men from the farms.

Mr. MITCHELL: We are not.

Mr. HOMUTH: Go and talk to some of your selective service boards across the country as to whether you are calling men from the farms. In spite of the promise made on more than one occasion that men in the army could get relief for seeding and harvest, you cannot get it.

Mr. MITCHELL: That is a different thing altogether. My hon. friend said that we were calling men from the farms, and I say we are not.

Mr. HANSON (York-Sunbury): I have evidence of it.

Mr. HOMUTH: The hon. member cannot see the forest for the trees. If he were out in the Styx once in a while instead of living here in Ottawa he would get some idea of what is going on in the country.

Mr. McILRAITH: The Styx of Waterloo South?

Mr. HOMUTH: There are a few sticks there and they are pretty good sticks too. I say that these men are being called into this army out of industry and from the farms. The whole man-power policy has been wrong from the very start. First we had a month of training, and then four months, and then training for the duration, but only within Canada, and that was extended beyond the Canadian shores. Now we have these men being called from the farms. What has been the idea? Efforts have been made, even under the four-months training plan, to shame and humiliate men to go active. The Minister of National Defence has at times suggested that he had no knowledge of that, that that was not so. Ask the Minister of Agriculture if it is true. Ask him what men told him at a meeting in Waterloo county a couple of years ago as to what was going on in military camps, trying to humiliate men to go active. Ask the hon. member for Waterloo North (Mr. Breithaupt), who knows the story. Ask the hon. member for Lambton West (Mr. Gray). He knows about it. Ask other hon. members of the house. Was there anything more disgusting in connection with our whole man-power situation than when the order came through the department saying that young men of 18½ years were to be called, and the next day, in every newspaper across the country, there appeared large advertisements saying, "You are going to be called at 18½ years; why don't you join now and choose what service you want to go into?" Imagine saying this to young men under the age of 18½ years. That has been the story of the whole man-power situation. It is a serious situation. If these men are not needed for overseas there is only one place for them, and that is back on the farms and in industry. If they are needed for overseas service, they should be told so. They ought to know what is ahead of them. Let us be honest with them and let us say to them just what their position in the country is.

I have only a few moments left, but I did want to deal for a few minutes with the question of family allowances. I will say this, Mr. Speaker, that if there is one thing that labour wants to watch it is the hand-out it is being given supposedly by this government that is in power. Labour wants to watch them as closely as it possibly can. It wants to watch the hand-outs it is getting from this group that forms the government of the country. Why? Because, when you start to subsidize industrial wages—

Some hon. MEMBERS: Order.

Mr. ROWE: Go ahead.

Mr. HOMUTH: When you start to subsidize industrial wages out of the treasury of the country by passing certain paternal legislation which is going to give money to people, then I say that labour is in a very dangerous position, because on that day you lower the whole trend of labour in the country. That day you put labour in the position where its wages will be based on—what? On requirements? On output? On the job they are doing? No; it will be based on money that is coming into their homes. One of the most important things for labour is to watch this tendency, and that is why organized labour throughout the country has protested against this paternalism. It has protested against it because labour knows what it is going to mean. I say to labour, be very careful of these gentlemen who bring gifts to you; because, in my experience in this house in the last four years, since the election of 1940, regardless of all promises—

Some hon. MEMBERS: Order.

Mr. HOMUTH: I have seen—

Mr. TUCKER: On a point of order, Mr. Speaker, yesterday of your own motion, as reported at page 4443 of *Hansard*, you stopped me from discussing the question of family allowances.

Mr. HOMUTH: I did not say family allowances.

Mr. TUCKER: Yes, you did. You are discussing that.

Mr. KINLEY: He is discussing the tariff.

Mr. TUCKER: I suggest that he is discussing family allowances as much as I was, and the same rule should apply to him.

Mr. SPEAKER: I did not understand that the hon. gentleman intended to speak of family allowances.

Mr. HOMUTH: I was not speaking of family allowances, and I have never been as much out of order as the hon. gentleman.

Mr. MITCHELL: What are you talking about, then?

Mr. HOMUTH: I do say that labour must be careful, because in spite of the promises that no matter what board was set up, where labour was interested labour would be consulted, labour would have a say, labour would have something to do with initiating such legislation, or orders in council—in spite of the promises, that has not been the case. What is the situation with regard to all the boards on which labour was to be represented? It is this. Government policy had been laid down and these men could agree with it or not; it was government policy anyway. That is the whole picture all the way through; otherwise we would not have had these difficulties with labour in the first place.

An hon. MEMBER: Ah!

Mr. HOMUTH: My hon. friend says "Ah!" Well, after the next election he will not be able to say it in this house.

Mr. SPEAKER: I regret to inform the hon. member that his time has expired.

Mr. HOMUTH: I have been watching the clock closely, Mr. Speaker, and I believe I have one minute left. I did want to say something about the hon. gentlemen to my left. I have not time to do that now, which I am sure will please hon. members. However, there is some satisfaction in knowing that now they feel they have a Moses who is going to lead them to the promised land. I checked up on what Moses really did, and found that it took him forty years and then he never got to the promised land, so that we are fairly safe. After the next election, when we come into power, we will bring the Canadian people to the promised land without any particular Moses.

Mr. G. G. McGEER (Vancouver-Burrard): In listening to the sort of appeal we heard from the last speaker (Mr. Homuth) I hope the people will not conjure up the kind of promised land we had in this dominion after the election of 1930. It would seem to me, Mr. Speaker, that there are many reasons for believing that the people of Canada have not forgotten the attempt of a Conservative government to cure a national depression with an appropriation of $20,000,000. As I read the election returns it seems to me the people have not forgotten the kind of plutocracy that was established when the privately-owned plutocratic monopoly of the Bank of Canada was established by a Tory administration. If that is the kind of promised land Progressive Toryism has to offer, I think it is the kind of promised land the people of Canada will be glad to wander in the wilderness for at least forty years to avoid.

I do not want to get into the bickerings of party politics to-day, Mr. Speaker. I want to deal with what has been to me, during my experience in parliament, the most important and far-reaching of all its institutions, namely, the budget. I think every hon. member will agree that the growth and distribution of wealth, not the persistence of poverty, must provide the true way to a more useful life, a greater regard for order, and that love of independence which alone can assure a greater and more enduring freedom. You know, sir, that we of the British race have always prized freedom above everything else. Our whole constitution was born of the revolution inspired by a hatred of autocracy and a love of freedom; and in the armies of liberty that have marched down the ages of our civilization we have built an empire, the greatest force in our modern world, upon the foundations of freedom. To-day our great leaders meet and propound the issues as we see them in this conflict, as centering around four great freedoms. But I want to come to that great freedom which is involved in the budget.

As a young man I started out in life with a fear of debt. I made up my mind there would never be a mortgage on my home. While that home was very modest, I achieved my aim; but I completely overlooked three things. I forgot that there was a crowd up in my city hall; I forgot that there was another group of fellows in the provincial legislature, and that there was still another galaxy down in my national parliament, all conspiring together to make a mockery of my ideal of having a home without a mortgage. My city fathers succeeded to the extent of putting a billion dollars on it; my provincial legislators put on another two billion and my national parliament already has added another thirteen billion.

Mr. HANSON (York-Sunbury): How much did you put on when you were mayor of Vancouver?

Mr. McGEER: I reduced the debt; I borrowed the only money ever borrowed by the city of Vancouver at three per cent; I built the best and cheapest city hall in the British empire, and still found time to come down here and try to put you right as leader of the Tory party.

I should like to draw the attention of the Liberal members of this house to a passage which I studied many long years ago. I thought then and still believe it is a splendid conception of the economics of industry and humanity. It was written by a man who had been minister of labour in Canada and who is now, next to Winston Churchill, one of the most distinguished prime ministers in the British empire—the Right Hon. W. L. Mackenzie King. Listen to what he says about debt:

Workmen's compensation, sickness and invalidity insurance, widows' pensions, maternity and infant benefits, recognize wherein personal relationships in industry have changed, and where as a consequence of new conditions permanent handicaps arise. The social legislation of which these measures are an expression rejects, as unworthy, the thought that men and women voluntarily incur accident, sickness, disease, enfeebled health or dependence in distress, any more than they willingly seek enslavement of any kind. It recognizes the difficulty of differentiating between industrial accident and occupational disease, and between disease occasioned by occupation or its environments and illness otherwise contracted; also the impossibility of dissociating from economic conditions the social waste caused by excessive and preventable illness. It seems that debt binds health as it binds freedom.

These are letters that should be written high in the mind of every Liberal in Canada—"it seems that debt binds health as it binds freedom." Mark that statement, with the debt load being developed in the Dominion of Canada under the leadership of the Prime Minister who wrote those words. It was not surprising that a man acknowledging and declaring as a principle that debt binds health and freedom should in parliament, at a later date, when the question of the supremacy and enthronement of plutocracy by toryism was the issue of the day, should declare:

As I said the other evening, once a nation parts with the control of its currency and credit, it matters not who makes the nation's laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government—

And not merely restored, Mr. Speaker.

—and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of parliament and of democracy is idle and futile. Those are strong words, they constitute a strong argument, and they are words which this house ought to take full account of before it is too late.

Now I come to our situation to-day.

Mr. HANSON (York-Sunbury): To the apostasy.

Mr. McGEER: I come, not to the idle twittering and chattering of the hon. member for York-Sunbury (Mr. Hanson) who laughs at a nation in a great crisis—

Mr. HANSON (York-Sunbury): Oh, no; I am laughing at the apostasy of your own leader.

Mr. McGEER: You are laughing and sneering as a nation passes through its most dire situation.

Mr. HANSON (York-Sunbury): Not at all.

Mr. McGEER: And faces its most difficult problems.

Mr. HANSON (York-Sunbury): Not at all.

Mr. McGEER: If you feel that it is time for laughing and sneering, then it is your privilege; but, Mr. Speaker, I ask you to direct the hon. member to keep quiet while I have the floor, because I have no facility for speaking in choruses, much less in choruses with him. It may be a matter of laughter; it may be a matter of jeers and sneers, but it was not so—

Mr. HANSON (York-Sunbury): And abuse.

Mr. McGEER: It was not so in 1939. Now, Mr. Speaker, I am fairly tolerant on the floor of the house; but I must ask that that remark be withdrawn.

Mr. SPEAKER: I did not hear it.

Mr. McGEER: He referred to abuse. I never offered him any abuse.

Mr. HANSON (York-Sunbury): No? You don't do anything else but abuse people who do not agree with you.

Mr. SPEAKER: I would ask hon. members who wish to interrupt the hon. member who has the floor, to address the Chair and to ask permission.

Mr. HANSON (York-Sunbury): I apologize, Mr. Speaker.

Mr. McGEER: I have followed the debt course of the dominion ever since I have been in public life. Let me recall the figures to hon. members. In 1919, at the commencement of the last war, our net debt was slightly under $400,000,000. We wound up in 1920, after four years of war and two years of demobilization with our net debt lifted from $400,000,000 to $2,000,000,000. From 1921 we followed a leadership in monetary economy which declared, first, for a balanced budget and,

second, for surpluses with which to reduce the national debt. That course was followed until the depression forced its abandonment in the early thirties. In the election budget of 1930 the then minister of finance, the Hon. Charles Dunning, was able to make this statement:

> The revenue and expenditure statement may now be summarized. The ordinary and special receipts amount to $447,322,000. The total expenditures for all purposes amount to $402,815,000, thereby leaving an estimated surplus of revenue over expenditures of $44,507,000.

That had been the policy throughout. We had reduced the national debt in the ten-year period by something in the vicinity of $250,000,000. But, Mr. Speaker, remember this, that, having followed the policy of a balanced budget, with surpluses and a reduction of the national debt, we ran headlong into the worst depression the Dominion of Canada has ever known.

Now I come to the budget statement of 1938, made by the same distinguished gentleman who, after having taken a rest for a few years, had come back. This is what he says as reported at page 3914 of *Hansard* for June 16, 1938:

> The progress which this government has made in approaching its objective of a balanced budget within the shortest practicable period is indicated by the fact that, while the over-all deficit in our first year, 1935-36, was $159,989,000, the deficit was reduced to $77,851,000 in 1936-37, and to $13,775,000 during the past fiscal year.

Unfortunately in 1939 he again had to apologize for being unable to achieve a balanced budget; for we find that on April 25 of that year he is reported at page 3150 of *Hansard* as follows:

> Leaving aside therefore any expenditures in regard to wheat, there will be a probable gap between our revenues and expenditures during the new fiscal year of about $60,000,000.
>
> Needless to say, I am disappointed to have to contemplate another deficit of this size. I had fervently hoped that this year I would be able to offer to the house a balanced budget and as a result be in a position to begin the process of reducing debt and taxes. I have already outlined the reasons why this "consumation devoutly to be wished" must be deferred and I have discussed at some length the forces which must be set to work to make it possible.
>
> Let no one think that I have changed my mind in regard to the necessity of a balanced budget.

That was a great minister of finance—presumably the greatest since Alexander Hamilton—who, from the high place he has attained in directorates of the Dominion of Canada as an orthodox financier must still be recognized as the peer of the line. Was he right in that policy, Mr. Speaker?

Mr. BLACKMORE: No.

[Mr. McGeer.]

Mr. McGEER: Well, I am not so sure that we can dismiss one who was taken out of retirement and placed in charge of the nation's finances by the Liberal government of 1936 and kept there until the appalling strain of the policy he was following forced his health to collapse. I do not believe we can dismiss the conclusions of one so understandingly skilled in all the practices of orthodox finance, without first giving them some grave consideration.

The point I want to bring to your consideration is this. We lifted our debt from four hundred million in 1914 to two thousand million in 1920, to three thousand million in 1930 and in 1940 to roughly four thousand million dollars. Under a load of less than $4 billion the economy of Canada collapsed because this nation was unable to meet its uncontrollable obligations and to finance the needs of the growing and expanding nation. Because of that the whole nation collapsed with millions of jobs to be done in every part of the Dominion of Canada, and hundreds of thousands of people wholly unemployed or only partly employed, and the whole standard of living collapsing and deteriorating in the midst of abundance. Now, what happened in the last four years? I quote from the report of the Bank of Canada, which states that the net debt outstanding as at August 31, 1939, when war was declared, was $4,693,000,000; as at December 31, 1943, it was $11,302,000,000.

That is not the end. We come now to this budget and you must add to that $11,302,000,000, another $3,200,000,000 for the coming year, making a total debt on the presently known factors at the end of the present fiscal year of $14,502,000,000. If the former minister of finance, who expressed a devout wish for a balanced budget and the reduction of taxes, was unable to sustain the economy of Canada from 1936 to 1939, tell me how under orthodox finance the minister of finance who must carry the burden in the post-war years is going to carry, how much?—$14,500,000,000? It will be much greater, Mr. Speaker, than that. The course of this war will be the same as the last war. It will come to an end, as all wars do, and there will be a period of demobilization following this war which will be much more expensive than that which followed the last. There will be a vast programme of rehabilitation much more expensive than the last one. If this war follows the same course as the last war; if demobilization finances follow likewise, we can look forward under the present system to binding the health and freedom of our people with a load of interest-bearing debt that will total something over

$20 billion. I do not think there are many who can take much comfort from that. A nation is just like an individual. The day comes when the load of debt becomes an intolerable strain and then something breaks. The governor of the Bank of Canada warned this government and this parliament of that danger when he said:

> I do not wish to suggest that public debt could be increased at the present rate for an indefinite period without placing an intolerable strain on our economy.

When is the time when that intolerable strain is going to be placed on our economy? I suggest to the government that the time of that intolerable strain is already here. The people of this country are in revolt against a system of finance being maintained in the nation which leaves no outlook for the creation and distribution of wealth. Where the hobbling, hindering features of unpayable debt and unpayable charges for interest go on as the inevitable fate, not only of this generation or the third and fourth generation but of all generations yet unborn.

If men resign themselves to the fate of debt; if men will assume that there is no other way of financing a democratic government or the progress of civilization than by accumulating a pyramid of debt, then the day when disaster will overtake us is inevitable. No freedom-loving people are going to submit to a system that piles up an increasing load of debt, that binds their health and their freedom.

I say that you are not living under a democracy to-day, but you are seeing a plutocracy, blind, indifferent and subservient to the rules of its own creation, a plutocracy committing suicide by its own unwise and demoded methods. I am going to suggest to this government that the day has come when a complete revision of our monetary system as far as public finance is concerned is overdue.

I believe we should have in Canada a great conference betwen the federal government, the provincial governments and the municipal governments where a national programme could be defined upon which the people of Canada could and would unite. I believe that the first fundamental of the work of that conference should be an appreciation of the need of a redistribution of the responsibilities and powers of our respective departments of government. Our parliament has neglected its responsibility to the junior branches of government ever since it came into being in 1867. It is always assumed that it could shoulder on to the provincial and municipal governments the direct needs of the people, the care of their health, the care of their education, the building of their local roads, the maintenance of their local institutions; and it left them to carry on that tremendous responsibility, not with wide powers of taxation, but only with the powers of direct taxation. The federal authority reserves to itself the power to do the general things and to use all the powers of taxation, to glean its revenues in the easy way from the sources of indirect taxation. What is the result to-day? The standard of living in our cities in Canada, the standard of living conditions throughout our provinces, even the maintenance of our present order, our educational system and our whole system of government, are far below what they should and could be in a Canadian civilization. I may be wrong about the possibility of improving that standard of living, but other men greater than I have assumed that that is one of the responsibilities that fall to our lot.

As this war comes to a close, may I quote a great man from South Africa, Field Marshal Jan Christian Smuts, who, speaking to the British House of Lords and the British House of Commons, said this:

> I feel that in this vast suffering through which our race is passing we are being carried to a deeper sense of social realities. We are passing beyond the ordinary politics and political shibboleths.
>
> It is no longer a case of socialism or communism or any of the other isms of the market place, but of achieving common justice and fair play for all. People are searching their own souls for the causes which have brought us to this pass.
>
> May it be our privilege to see that this suffering, this travail and search of man's spirit shall not be in vain.
>
> Without feeding on illusions, without nursing the impossible, there is yet much in the common life of the people which can be remedied, much unnecessary inequality and privilege to be levelled away, much common sense opportunity to be erected as the common birthright and public atmosphere for all to enjoy as of right.
>
> Health, housing, education, decent social amenities, provision against avoidable insecurities—all these simple goods and much more can be provided for all, and thus a common higher level of life be achieved for all.
>
> As between the nations, a new spirit of human solidarity can be cultivated, and economic conditions can be built up which will strike the root causes of war, and thus lay deeper foundations for world peace. With honesty and sincerity on our part it is possible to make basic reforms both for national and international life which will give mankind a new chance of survival and of progress.
>
> Let this programme, by no means too ambitious, be our task, and let us now already, even in the midst of war, begin to prepare for it. And may Heaven's blessing rest on our work in war and in peace.

Do you think for one moment, Mr. Speaker, that going ahead under this policy of pluto-

cratic power, pyramiding billions upon billions of interest-bearing debt, the dream offered in 1942 by the Prime Minister of South Africa to the British House of Lords and the British House of Commons can ever be achieved? Oh, I know it is hard to break away from securities that have long been relied upon. But no man in his senses, no man in his sane moments has ever assumed that for his well-being and the well-being of his own household the accumulation of a mountain of debt was a good thing. If it cannot be a good thing for an individual, how can it be a good thing for a collection of individuals?—for that is what a nation is.

We have established great reforms. We have cut the interest rate. We have provided the facilities for issuing an inexhaustible supply of medium of exchange in the form of bankers' debts, in the form of public debts. Let me put this to you, Mr. Speaker. The government has the power to issue money, and to-day Canada has adopted and is operating and is winning this war with a system of managed internal paper currency not secured by gold and having nothing for security behind it but the integrity of the government, the common sense of the people, and the going-concern activity of the nation. There is no other security. Yet what does the government do? It gives away to a private monopoly that power to issue money. It creates that private monopoly, bonuses it with Bank of Canada cash, and then goes bankrupt borrowing bookkeeping entries built up on Bank of Canada cash reserves. Yet although that is an undeniable fact, I heard the hon. Minister of Labour (Mr. Mitchell) the other day say: You cannot get something for nothing.

Mr. MITCHELL: I still believe it.

Mr. McGEER: You are not a banker. If you were, you would know better.

Mr. MITCHELL: I still believe it.

Mr. McGEER: I do not hope to convince you or anybody else tied to the present system. But I want to tell you that even though I have no hope of convincing the government, I know the day will come when I shall be glad that I had the privilege of standing alone and warning against the inevitable disasters that will come if this nonsense is not stopped. You say that if we issue money we are going to destroy the value of money. What do you think of the value of an investment in Canada's national debts as they were in 1939 now that you have flooded into the same investment pool another ten thousand million dollars or thereabouts? Do you think that this Dominion of Canada can carry a burden of fourteen thousand million dollars with the same ease with which it could carry four? Mind you, your banking monopoly stands not upon the security of gold but upon the security of the appallingly inflated debts which the Dominion of Canada has issued. I do not speak in criticism. I argued in 1934 for the establishment of a national bank and the issue of currency and credit in terms of public need, not private gain. I hoped that we would issue our own currency through the Bank of Canada to free the government from the binding force of unpayable debt. We have the opportunity to build the Dominion of Canada into a great, vigorous, and powerful nation. We have the power to continue to be the linchpin between the United States and the British empire. We have a part to play in creating a new and a better standard of living, a new and better hope of the future by making Canada a nation, powerful, growing and expanding, the greatest overseas dominion in the British empire. We can do that, sir, when we move to operate a monetary system that will take the shackles of debt and interest off the body politic of this dominion, so that the government of this dominion—and that will mean the people of Canada—may live in a future of peace free from those obligations of which our own Prime Minister wrote in his great book, those debts which bind a democratic government, the health of the people and the freedom of the land.

Mr. WILLIAM BRYCE (Selkirk): In rising to take part in this debate I wish only to touch on a few agricultural items.

I am disappointed that the government has not as yet seen fit to establish a board of live stock commissioners. That is something for which the farmers of Canada have asked for a long time, and in view of the almost unanimous demand I do not know why something has not been done about it. The board would be on a similar basis to the board of grain commissioners. If I quote, Mr. Speaker, from the brief presented by the Canadain Federation of Agriculture I am sure that hon. gentlemen will understand better the nature of the request:

> It requests that the said board be empowered to administer, under the Department of Agriculture, the Livestock and Livestock Products Act, and that the members of the board shall be appointed in consultation with organized agriculture. The Livestock and Livestock Products Act should be amended and consolidated with other legislation in order to vest in the board the power to license, regulate and control the facilities for assembling, transporting, yarding, slaughtering, processing and packing, together with the facilities for grading and selling all live stock and carcass products

designed for human consumption, and in addition all live and dressed poultry and eggs should be subject to the jurisdiction of the board, in the above manner.

I am sure that gives everybody a good idea of what is wanted by the farmers. When we applied in days gone past for the setting up of this board we were asked where the money was to come from to finance it. In a previous talk in this house I said that I was quite sure the money could be found by taking over the condemnation insurance; that is the board of live stock commissioners would handle the condemnation insurance. In the veterinary directors' report for 1943, page 31, you will find that ·19 of one per cent was sufficient to handle condemnation insurance as far as hogs were concerned. It is indicated on the same page that the costs as regards cattle and sheep were higher, but taking the averages together you will find that a quarter of one per cent would have carried these charges in 1943. This would mean that neither the government nor the farmer would need to pay any more than they are paying to-day.

A tremendous number of animals are slaughtered in a year. The last figures I have, taken from the report of the Department of Agriculture, are: Hogs, 6,140,614; cattle, 929,157; sheep, 832,070. I do not wish to enlarge on this matter; I have drawn it to your attention, Mr. Speaker, in the hope that the government will do something about it.

I would also appeal at this time to the Minister of Agriculture (Mr. Gardiner) to do something about the 186-pound hog. It is his argument that there must be a jumping off place somewhere, but on to-day's market that one pound of pork costs the producer $2.32, which is too large a jump at one time. I ask the minister to try to get it halved. The effect is perhaps worse to-day than it has ever been before, because transportation is difficult. We have quite a job getting our hogs away in time; they easily get over that 185-pound weight. An alteration of the present regulation would create a favourable impression wherever hogs are produced.

On a previous occasion when I was trying to speak to the Minister of Agriculture about wool and sheep I was ruled out of order. I understand that it is permissible to bring the subject forward to-day. It is unfortunate that the agreement for a bonus on wool requires that the provincial governments must pay their share or the farmer gets nothing. The federal government pays a bonus of two cents for the production of good wool. In Manitoba our provincial government do not consider it their business to subsidize wool or anything else; they regard that as a federal obligation. But across the border, in either Ontario or Saskatchewan, one finds the farmers getting four cents for good wool. I can assure the house that Manitoba produces just as good wool as the other provinces, but because our provincial government is not sympathetic we do not get anything. I again appeal to the government to do something about this matter, so that Manitoba producers may receive at least the two cents which Ottawa pays farmers in other provinces.

I have here a cutting from the Winnipeg *Tribune*, October 15, 1943, showing that sheep sold for seventy cents each on the Winnipeg market:

> Whole live sheep weighing 120 pounds sold to-day on the local market for 70 cents each. Local live stock men thought this was an all-time low. The quoted price at the close was 50 cents a hundred pounds.

There were 500 sheep on the market that day. I understood when the meat board was established that it was to be their duty to protect these markets. The sheep which were bought on that market were sold at the ceiling price. The Minister of Agriculture may tell me to-day, as he told me before, that no doubt they were old sheep. Suppose they were old sheep. There were two shanks and a brisket of mutton there. We had meat rationing and meatless Tuesdays and that was valuable meat because it was good for stewing purposes, no matter how old a sheep was. Moreover, on the back of that sheep there was a fleece worth $1.80, and it cost only thirty-five cents to process the carcass; that is, to clean it and get it ready for the butcher. Where was the meat board? It should have done something about that. But let us carry that a little further. In my constituency there are a good many sheep growers. It cost them fifty cents a hundred to ship sheep to the Winnipeg market. You can understand what was left for the farmer when he got his returns back selling at fifty cents a hundred. I do not think the meat board were up to their job when they allowed such a thing to happen.

Now that I have mentioned the meat board I might as well say something about them. Most hon. members know who compose the board. There is the Hon. J. G. Taggart. Then there is Mr. A. Morin, Associate Deputy Minister of Agriculture in Quebec. There is Mr. L. C. McOuat, general agricultural representative of the Canadian Pacific Railway Company. There is Mr. S. E. Todd, managing director for the council of Canadian meat packers. Mr. J. G. Taggart is chairman; the government appointed him. He has been superintendent of experimental farms, a member of an agricultural school, and he has been

a minister of agriculture, so that he should fit into that job to perfection. As to the next man, I do not know why we need another minister of agriculture. We have one already, Mr. Taggart, who should be able to look after that part of the bargain. Then we have Mr. L. C. McOuat, general agricultural repsentative of the Canadian Pacific. I do not know why he was put there. It would be interesting to the shippers of the west if the government would come out openly and tell the farmers of western Canada that he has no interest in the eastern packing concerns. Then we have Mr. S. E. Todd, managing director for the council of Canadian meat packers. But there are no farmers there; there is no one representing the producer. He is left out entirely. There is no representative of organized agriculture on that body. If it is necessary to have on that board, the managing director of the meat packing industry in Canada, then I say that it is necessary that the farmers should be represented on it. I think it is a big mistake that organized agriculture has no say on the board. When you analyse the composition of the board you find that these gentlemen know more about the packing industry than they ever did about producing.

Mr. GARDINER: They were all farmers at one time.

Mr. BRYCE: I believe that to be true, but I can assure the minister that many of them have forgotten that they were ever on a farm. As someone says here, they may have been born on farms, but as for being actual producers, I know the minister will admit that they are not producers in that sense to-day. I repeat that organized agriculture should be represented on such a board. You will never give the farmers satisfaction until you give them producer representation.

And now a word about the bacon agreement. We farmers have waited patiently for a statement from the minister regarding this four-year-old contract. It will be a great stabilizing thing if he will come out and tell us that we shall have a steady price for the next four years; and, as I say, we are patiently waiting for that.

I appeal to the government to hurry up health legislation, and I mean particularly preventive medicine. In Manitoba to-day one person dies every ten hours with cancer and one person every twenty-four hours with tuberculosis. Surely it is time that we had health regulations and preventive medicine. That is a terrible death rate; something should be done about it.

The subsidies that are being paid to the farmers to-day are causing them a good deal of annoyonce. We really do not know where we are. The government has already taken action to establish cost-of-living bonuses as part of the basic wage rates for urban workers. If it is the intention of the government to have subsidies added to and become a part of farm prices, then at least a reasonable differential between urban and rural workmen must be maintained. I do not want to take up the time of the house but I would like to quote two items. The government is paying a subsidy of ten cents a pound on butter. Why? Because it was not profitable to produce enough butter before. Six months after the war ends we shall be back where we were before we got that ten cents. If it did not pay us before it will not pay us then. Something will have to be done about that. That has to be worked into the price of butter. Either that or it drops off and production will go down again.

As regards milk, we have a bonus of thirty-five cents a hundred pounds. Because it was not profitable for the farmer to produce milk he gets a subsidy to-day to help him. If nothing is done about that there will be a great hardship. I hope the Department of Agriculture is alive to the situation and will take the necessary action.

Floor prices are worrying everyone, out west especially. If the nation can undertake complete control of the price structure in war time and prevent prices rising unduly, it can and should use price control in the post-war period to prevent prices from falling unduly. The people believe that a general price floor may be as urgently needed, from the point of view of the general national welfare, as an over-all price ceiling has been during the war years. Agricultural producers were gratified to hear the Prime Minister (Mr. Mackenzie King) assure them in a radio broadcast over a national network on December 4 of last year that it was the intention of the government to establish a floor under farm prices. His statement was as follows:

> The government recognizes that farmers are anxious about their post-war prospects. They do not want to face a disastrous fall in farm prices within a year or two after the war. If, to help win the war, the farmers are asked to accept a ceiling on prices, we believe they are entitled to a floor under prices to ensure them against an agricultural depression after the war. As an essential part of its post-war policy, the government intends to ask parliament, at the next session, to place a floor under the prices of the main farm commodities.

The purpose of such a floor would be to support and stabilize farm prices in order to

maintain a proper balance between farm incomes and those of other groups; and to assure to farm people a satisfactory level of purchasing power which at long last is becoming recognized as basic in the national well-being. The value and success of such floors will depend upon how and at what level they are set. This is a matter which will require the careful and constant watchfulness of every branch of our industry—agriculture.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I was very much interested yesterday when the hon. member for Rosthern (Mr. Tucker) was called to order. I was reminded of a story of two clergymen, one of whom believed in reading his sermon while the other did not. The man who believed in reading his manuscript said, "When I am in my study I am clear, calm and collected, but when I am before the congregation and see all the different people I am not quite so clear." The other man said, "That is all right, but you leave little blanks in the manuscript, and when you come to a blank you tell a story to illustrate your point. The devil is looking over your shoulder and he suggests something that spoils the whole thing for you, but when I am speaking the devil himself does not know what I am going to say." So that I am not going to read my speech.

I am not a financial expert, but I know what it means to earn a dollar; I know how far that dollar goes, and I know how useful it is after it is earned. I have not yet come to the place where I felt that I could get a dollar out of nothing. I should like to thank the Minister of Finance (Mr. Ilsley) for not increasing the taxes this year. I certainly looked for some increases, having in mind the many things that must be done and the many plans now under consideration. I would thank him, too, for cancelling the compulsory savings. A great many people did not understand what compulsory savings meant; they thought it was a tax instead of a savings account. Now they are satisfied, and I am grateful to the minister for having lifted that load, even though it was never intended to be a load. I am thankful for the removal of duties on farm implements, so that now there are no duties payable on farm implements coming to Canada from any other country in the world. One could speak on that point for some time, but it is not necessary. I am grateful to the minister for the increase in old age pensions, although my difficulty in that connection has not been and is not now the amount but rather the trouble of getting the pension for those who may wish to hold some small asset in order to pay for their funeral services. I am thankful, too, that the minister has extended tax exemptions to include in-laws. Why should a man receive exemption for his own mother and at the same time have to pay in respect of his mother-in-law who is living with him? I think this change is sensible and practical. I am thankful, too, for the change that has been made in our smallest silver coin. I can remember asking former ministers of finance why that big nickel could not be changed, because it was a nuisance. Now the minister, or someone under his direction, has created an entirely new nickel. There has never been anything like it in shape, colour or design, and we have every right to be grateful for the change.

I have received several letters from labour leaders suggesting that I should say something in this house about the sessional indemnity. I should like to tell the minister how he can give us a lower sessional indemnity and at the same time increase our incomes, and I am not trying to make something out of nothing. I am going to suggest that the sessional indemnity be reduced to $2,000, so that the minister would have to pay us only half the amount he pays now. Then I suggest that each member should receive $2,000 for the upkeep of his car. I understand that at the present time cabinet ministers receive an allowance of $2,000 in respect of their cars, on which they do not pay income tax. I am sure I drive my car farther and faster than any other minister in this house, including the members of the clergy who are in the Cooperative Commonwealth Federation. I know some hon. members of this house are not as well fixed as I am, because I have access to an unlimited supply, on which I have been drawing for forty years. I have always had a dollar when I needed it; if I did not have it there was no one to blame but myself. However, I will deal with that in another way a little later on, because I believe it is even greater than money.

At the head of the lakes we have some things which stand out and which I believe contribute to the national budget. Therefore I will speak of mining, lumbering and farming at the head of the lakes. During the depression we had every reason to be thankful for the mining industry in the Thunder Bay district. But for that I do not know what we would have done. The wages the miners received were the highest, and the encouragement they were given was wonderful. The mining industry does not ask for preferential treatment in regard to taxation, nor does it want to shift its tax responsibility to anyone else. It wants

to pay its own taxes, but it would like to have mining taxation placed upon a sound basis. It would ask also that a reduction in taxation should be undertaken as soon as possible, because at the present time it is impossible for mining to carry on. There is a high labour cost in the mining industry; about sixty per cent of the cost of mining is accounted for by labour. One man employed underground necessitates the employment of fourteen others, so that you see what happens.

I have certain suggestions to make. First, the geological survey branch of the Department of Mines and Resources should be increased many fold. I went out with the surveyors in our district, and I was amazed to see what is done there.

Second, the present cooperation with provincial departments of mines should be increased, especially in connection with the construction of mining roads. When roads are built in to mines, it has always developed that more mines have been discovered. Then those roads will be available for lumbering operations, and also will be a great attraction for tourists.

Third, plans should be made for opening up out-of-the-way areas, through the use of aircraft. Many of our young men are pilots, and if this were done they would have work when they come home.

Fourth, revision of the present tax concessions, pending their complete removal, should be undertaken. Most of the mining companies have built up huge liquid reserves. I do not think this is necessary. I would say that if the mining companies would declare dividends of from fifteen per cent to thirty per cent instead of from five per cent to ten per cent, and have the shareholders pay the taxes, instead of the companies, it would be far better.

The present income tax legislation allows generous deductions in respect of money invested or speculated in connection with exploration of new minerals. This concession should be extended to all minerals.

I know the dominion government does not do much in connection with education, but I have one or two suggestions to make along this line. We should have one history for all Canada. That should be a history which would suit Quebec and suit Ontario, and which would satisfy the provinces in the east and in the west. It should set out both the good things and the weak things about Canada. I believe this is coming.

I know there are many schools in which radios are found. However, I know, too, that there are a great many schools in which there are no radios, and many homes to which no local papers are delivered. I would suggest that these little red schoolhouses, away from the larger centres, should have their radios, even if they are only battery sets.

I would suggest to the Minister of Finance that parents of nurses in training should receive tax exemptions for those girls. I know—not "I think"—that a girl who is taking a course in nursing will cost her parents more than she cost before going to public school. Surely this is necessary, and especially at the present time when nurses are so greatly needed. This tax exemption would help a great deal.

The bright students from those little red schoolhouses away out yonder should be encouraged. They should receive special treatment, and be given an opportunity of earning their way, so that they can take more advanced education.

I now come to farming. I am grateful to the responsible parties for establishing floor prices in respect of so many farm products. The farmer must pay the price quoted him by the storekeeper or the implement agent, and it is just as necessary that the farmer be in a position to tell the business man in the city what he must pay for pork and beef. This is a fine step in the right direction.

At this point I should like to give a picture of farming in that section of Ontario from which I come. Some farmers from Ontario may have the impression that there is no farming carried on at the head of the lakes. May I tell them that we have farmers in that district who are second to none in Ontario. A young man on a farm seventeen miles outside Fort William, near Murillo, Geo. Elchuk took first prize for potatoes for all Canada, and ten other prizes, in competition with both eastern and western Canada. May I state further that Fred Stewardson of Slate river district raised 140 bushels of Ajax oats per acre. I doubt if one would find many farms in Ontario which would give that yield. Two hundred and twenty-five bushels of potatoes per half acre are 450 bushels per acre. That is a huge crop, especially when it is from a place which some believe consists only of rock, scrub, logs and timber. And yet we have farms and farmers that are doing those things.

In our district we have the potato king. This man, Mr. J. R. Hutchison, is noted for the potatoes he raises, and for the market price they demand. We have, too, the corn king, a gentleman named George Sovereign. One could go into his field and see corn which would delight the eye of any farmer from Ontario, and he would wonder how Mr. Sovereign does it?

Then I have the picture of a young man who went into farming about four years ago.

This man had to have exemption from military service, and was called back every once in a while. He was told a little while ago that he should increase his production. That young man now has 425 pigs on his farm, 26 cattle, 50 sheep, 650 chickens, 70 acres of oats and barley, 75 acres of hay, and a young wife into the bargain. He is certainly showing the farmers of that district, and others who know him, how to do things. I learn now that his number is called, and I am going to work hard to see that he is not called—and the Minister of Labour (Mr. Mitchell) is supporting me, up to the hilt.

When I think of farming in my district I must pay a tribute to the Department of Agriculture for placing a substation in that area. In the past five or six years this has been a splendid stimulus to the farmers, and has done a good job.

When I think of the farmers who are carrying on during the present war, I think of a man and his wife who are producing as much as was produced on that farm when there were two sons at home, working. One of those sons is now in the air force, and the other, who also had his wings, is in Kingdom Come.

Coming next to the Department of Labour, I find that one of the first fruits of this war has come to labour. If hon. members will look up the *Labour Gazette* of May, 1944, they will find that away down yonder in Italy labour unions have been reestablished. In those unions the principle of collective bargaining has been set up, whereby employees and employers work together. That is one of the most encouraging things to come out of the war, so far as labour is concerned. For twenty years they were silenced by fascist rule.

I have always said, and I now repeat, that if there are two working on the same job, one a man and the other a woman, if anyone gets less pay it should be the man, because he has more strength to do the work. It is my view, however, that, doing equal work, they should receive equal pay.

I now come to Sunday work. I do not think they should have any Sunday work, under any consideration, except in cases of great necessity, and to carry out acts of mercy. One day in seven. Some of those across the way who have Scottish blood in their veins will note that I am quoting the Shorter Catechism, which has had a great influence in the shaping of human character. Yes, one day in seven. One can trace the need of one day in seven if he looks through history. I carried that out, and received a great thrill in doing so. Homer told of it. Chinese literature reveals that one day in seven was necessary, and that it was to be a day of rest. We say that, too, and we add that it should be a day of worship.

One day in seven. I say that if a man must work on a Sunday, he should have double pay—and even then he would not be repaid for the loss he has sustained.

One day in seven. I would warn the house and the people that we may just wink at the man who goes out to do things on Sunday that he should do on the other six days of the week—whether it be making political speeches, or anything else—and say, "Well, he does not know it all." I do not need to quote anybody but myself.

I come now to the Department of Pensions and National Health. I was privileged to speak at the dominion convention of army and navy veterans held in Fort William, and I was thrilled to hear a young officer from the navy say that when the men come back from the war this time things will be different. He told about vocational training on the boats and behind the lines and how men were being fitted for something different from what they could do before. I enjoyed hearing that man tell the truth. That is the type of truth which is slipping out from sources other than members of parliament.

I have been greatly encouraged at the treatment our returned men have been receiving. If any hon. member knows of a man who is not well treated it is his bounden duty to report that to the minister. I would advise him to send the minister a telegram collect. I know he will find that the minister does not want to save the taxpayers at the expense of the man who has risked his life overseas.

In Fort William there are many people who were not fortunate to be born where I was; there are many who are not Anglo-Saxons. Many of these people speak English when I am with them in order to suit my convenience. There are Ukrainians, Czechoslovakians, Slovacks, Finns, Italians and many others who have banded together to put across the war effort of this country.

I try to listen to everything that is said in the house but much of it slips away. However, I was pleased to hear the Minister of Labour say that there has been no trouble in connection with call-ups at the head of the lakes. Port Arthur and Fort William are patriotic places. When the victory loan campaign was on, many places had a terrific time in trying to keep ahead of Fort William. I believe that city came second in the collections for all Canada.

I should like to say a word about our timber resources. I was informed by an expert in a

great lakes pulp and paper company that without the use of mining, fishing or farming he could keep all the population at the head of the lakes employed in turning out wood products.

I should like to pay a tribute to the Red Cross, the Salvation Army and our churches. I wish to pay a tribute especially to the chaplains in our war services. They are a great bunch of men. They know what they are doing. When a man is seriously wounded the chaplain knows what direction to give him in order that he may rest in peace and go to victory in the other land.

I should like to say a word about Doctor Davidson. You do not shake your head, so that I suppose it is all right. I was the first one to bring Doctor Davidson's cancer cure up in the house and I was ably supported by the hon. member for St. Boniface (Mr. Howden). He was a $75 a day man before he came to this house. Doctor Davidson is no quack, and he never was when he played on the medical football team. We knew what he was worth when we went up against him. Doctor Davidson has worked for the good of others. He is not a rich man, and I say to the Minister of Finance that some money should be provided in order that the work done by Doctor Davidson may not go by the board. I gave the history of two cases in Fort William that had been sent to Winnipeg and been cured. It is not only the hon. member for Portage la Prairie (Mr. Leader) who wants to see the expert work and the records of this man saved for the good of the country. We all do.

I come now to the Department of Justice. I am sorry I was not in the house the other day when the amendments to the criminal code were up, because I know something about criminals. I have made arrangements to have over one hundred men and five women released from the provincial gaol and the penitentiaries. Everyone of them has made good. Four of the men did get me for a little bit of cash, but I got more from another source.

I know one man in Stony Mountain penitentiary who is serving four years for manslaughter. I have appealed by means of a petition to have this man placed on probation because he is not a criminal. I take the stand that when a man ceases to be criminal, when what he has done is owing to an accident, he should be freed. If a man is a criminal he should never be freed. I know whereof I speak. I asked that this man be let out on probation. I asked that a boy from Fort William be let out and I promised to take him into our home, but I have not as yet succeeded. I think if we had him there for a little while it would do him good. It would do us good as well just to see the difficulties under which he has been working.

I have another case of a man serving four years for bigamy. I have a lot of sympathy with him because if a man can get along with one wife he is doing very well, but this man tried to get along with two. I wanted to get him back to his first wife but I have failed so far.

I ask the Minister of Justice to pay some attention to the literature available in this country. I have two magazines here which are printed in Toronto and which were sent to me by a soldier on the west coast. These magazines are of such a character that you, Mr. Speaker, would not let them into your district; yet one can pick them up on any newsstand for twenty-five cents apiece. I do not want to advertise these magazines by giving their names because some of my hon. friends may want to buy them.

More important than money, more important than monetary reform, more important than jobs, more important even than health is the teaching that can be given by the best book the world has ever known, the greatest seller to-day. I suggest to the new Department of Reconstruction that they should see that a bible is placed in every home. I want to pay a tribute to the Gideons. Some hon. members know what they do, but we never hear them being talked about. They go along quietly doing their work, but when you enter any hotel room you are able to pick up a Gideon bible. Perhaps for the first time you read a chapter; you go on and you may come across the story of the prodigal son. You then decide to write home to your better half and by doing that you make others feel a little more comfortable.

It is absolutely necessary for the reconstruction of this country to have Christian literature, to have the bible in every home. What did the police chiefs recommend at their conference the other day as a cure for juvenile crime? They said to teach them the bible. I see some men who I know read it every day and then I compare them with others who never read it. I am sorry for what they lose. What we need is not more money because we never had as much money before; what we need is good men, men who will put God first, others next, and themselves any place. If you get that, you are going to have a Canada that will be greater than ever, a Canada that will ring true and be an example to the world Thank you for your patience, Mr. Speaker.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, ever since I came to this house four-

teen or more years ago I have felt it my duty to say a word on every occasion when I could do so for those engaged in industry and for those associated with industry. As the Minister of Finance (Mr. Ilsley) gave his comprehensive budget address on June 26 I listened carefully to hear what there was in it for the industrial worker. When I heard him announce that he was going to abolish the compulsory savings which employers of labour have had to deduct from the pay cheques of their men I wondered what the reaction of the industrial workers would be. I went home for three days over the week-end, and in the course of my visit I talked the matter over with a great number of men and women working in industry in my riding. I found their reaction to be this. They appreciated the increased spending which they will now have, although of course they will have less later on, but what affected them most was what they were going to do when they left the jobs at which they are now working. There are approximately one million men and women engaged in munition plants and plants making component parts, and many of these workers said to me on Friday and Saturday last, "What I am interested in, Mr. MacNicol, is, where am I going from here if this plant closes, as it is sure to close, very shortly after the war?" The average industrial worker does not kid himself, and rightly so, that industrial plants making munitions will continue making munitions when the war is over. It never has been that way and I doubt if it ever will be. So that what the war worker wanted to know was, "where am I going from here after the war when this factory closes or when my machine stops running?" That is the big question with him.

In the fourteen years or more that I have been here I have listened to and taken part in many budget debates, but I have learned one thing and that is that nothing that I can say can add one dot or one dash to what is contained in the budget. While I should like to say something about the budget to-day, and perhaps will when the items are before the committee, I am not going to deal with the budget itself or with what was said by the hon. member for Dufferin-Simcoe (Mr. Rowe), except that I intend to vote for the amendment which he moved.

I wish to deal with another problem, a western problem and I deal with a western problem once again because I have observed from much travel and study that the west has not received that to which it is entitled, and because I know that unless the west can be restored to full-out prosperity, or at least be given a chance to exist, we eastern people cannot advance as Canadians should advance.

I have in mind a situation which in my judgment is a menace to a very large portion of southern Saskatchewan, that portion of the province which is most populous, and which extends all the way from the capital city of Regina to the South Saskatchewan river 125 miles west. What I am going to say I shall say without any tinge or flavour of politics, because I want to help the west and I cannot do so if what I say has a political flavour.

The area I speak of is menaced through a lack of water. There is an old adage familiar to engineers which states that a city can grow only in proportion to the abundancy and permanency of its water supply. There are two fine cities in southern Saskatchewan, the capital city of Regina and the city of Moose Jaw. Perhaps a dozen or two dozen communities between Regina and the South Saskatchewan river were thriving centres some years ago. I visited a number of these communities last summer and to-day these once thriving centres are ghost centres. They have become extinct because the area roundabout and the villages themselves have dried up for lack of water. There is a verse in the bible, I believe it is the 19th verse of the 2nd chapter of II Kings, which tells the story of the return of Elisha to Jericho. He was met by a delegation, a delegation of the city fathers of those days, and they said to Elisha, who was supposed to be able to do anything, having performed many great miracles, that what the city wanted was not only pure water but ample water because all roundabout the country was dried up.

I am going to appeal now to the Minister of Agriculture (Mr. Gardiner) in this government, after he surveys the problem which I now intend to put before the house, to come forward and ask for any amount of money required to give fair play to the city of Regina and the city of Moose Jaw. I am not going to find fault with anything that has been done. I am not going to find fault that something which should have been done was not done. Perhaps never before did anyone come forward and ask parliament for what they likely knew was required out there. But always heretofore they did not have enough money to do what many commissions at one time or another told them should be done I will support the minister and the government to the limit in any appropriation they ask for if an honest-to-goodness effort is made to give an abundancy and permanency of water to these two cities of the plains.

Someone might say, what business is it of the member for Davenport to speak for Regina or Moose Jaw or any other city outside his riding? Well, Mr. Speaker, it is

my business, and since I am going to confine my remarks to these two cities and the adjacent municipalities, just as I could speak for a score of other districts throughout Canada, I wish to say that from the riding of Davenport there goes each day to those two cities not less than one carload of goods made by the workers of my riding, by people I know, many hundreds of them, who make these goods to be shipped out to build up the cities of Regina and Moose Jaw and other adjacent municipalities in Saskatchewan. Since they have purchased not less than one carload a day for forty years—it may be longer than that but I will say forty—it means that we have shipped out not less than fifteen thousand cars, and taking the average as twenty tons to the car, this means that 300,000 tons of freight have been shipped from Davenport riding to help build up that area of the west. Therefore, Mr. Speaker, the people of my riding owe a lot to the people of Regina and the people of Moose Jaw as well as to the people of other cities all over the west, but I want to confine my remarks to those two cities and their problems. I shall speak for them because I know that if they could have water in abundance and permanently it would be greatly to their advantage. They cannot procure it to-day from the sources upon which they now draw for their supply. An abundant supply of water on a permanent basis would result in many new industries going into those cities.

I read a few days ago that because of lack of water Moose Jaw is likely to lose the shops of the Canadian Pacific Railway. That would be a calamity; it must not be allowed; they must be given sufficient water. If by obtaining an abundant water supply the population of Regina could be raised to 150,000 and of Moose Jaw to 75,000, what would that mean to my workers in Davenport riding who make agricultural machinery, radiators, boilers, valves, fittings, furniture, tools, electric and plumbing goods, and one hundred and one other lines? It would mean more orders, more business, more jobs, and not only for Davenport riding but all across the country, because as those towns and cities grow they will provide, as they have done for years, orders for eastern manufacturers and invite to their communities branches of industry and new manufacturers that will build up their populations. The more they grow, the better it will be for the whole country. If such measures are not taken I would fear that the unity of this country would be affected.

A man said to me, what concern is it to Canada whether Moose Jaw or Regina gets water in abundance or not? Well, it has been Canada's business from the very inception of those cities. It was the federal government which selected the site of Regina, and from the very first the major trouble was that of an adequate water supply. In 1894 the government of the Northwest Territories appointed Mr. J. S. Dennis, an engineer, who made a survey from Regina to the South Saskatchewan river and reported that that river was the only potential source of an ample and permanent supply of water. After Mr. Dennis' time, in 1905, the government of the Northwest Territories went out of business and the province was formed. After it became organized, in 1911 it faced the water problem, and three different groups of engineers made surveys in that year from Regina and Moose Jaw to the South Saskatchewan river. The first survey was made by Mr. T. Aird Murray, a celebrated engineer, who pointed out something which is very important in reference to the flow of the South Saskatchewan river, namely, that the federal government, being in control of interprovincial rivers as well as international rivers, should set aside a permanent division of South Saskatchewan river water so that 100,000,000 gallons a day should be allotted to these two cities. That amount represents only 185 cubic feet per second, and is only a comparatively small flow, but it should be safeguarded. The next man who made a survey in 1911 was Mr. W. J. Francis, an eminent engineer. He recommended that a dam be built across the river near Riverhurst, where a suitable foundation could be found—and that is perhaps the most important part of any dam—and that a conduit—I suppose, a British Columbia fir conduit—be constructed to convey the water from the river to Regina and Moose Jaw. In the same year another engineer, Mr. B. Russell, who is still living, made a survey, and he, too, recommended that a dam be built across the river and a pump and conduit constructed to convey the water from the river to Regina and Moose Jaw.

Mr. Dennis reported fifty years ago, but nothing was done. Messrs. Murray, Francis and Russell reported thirty-three years ago, but nothing was done, except, I assume, talk. In 1913-14 the federal government made a survey and obtained a report that the only permanent and adequate supply of water obtainable was from the South Saskatchewan river. In 1913-16 the provincial government nominated a commission to make a survey, and it reported that a ditch should be built to convey water from the South Saskatchewan river to the two cities.

I have examined very carefully the whole area. The river bank at that point is 310

feet high, so that a substantial amount of power would be required to pump water over the bank; but, once over the bank, it would flow by gravity seventy miles to Caron and a further twenty miles to Moose Jaw, or ninety miles to Moose Jaw and 120 miles from the river to Regina. The topographical situation is peculiar, in that once the water is pumped over the river bank it will flow by gravity 120 miles east. It is not a difficult engineering problem, although considerable power would be required to elevate the water.

From 1914 to 1919 both those cities suffered from shortage of water. I have ascertained from an examination of the reports of city engineers that at no time did they have a sufficiency of water as we would regard it in Ottawa, where every citizen averages 117 gallons a day. Regina would scarcely know what it means to have that much water per person for domestic purposes.

By 1919-21 the situation was so bad that the cities, the province and the federal government cooperated in making a very careful survey, after which the report from the combined engineers recommended that a conduit should be built to convey water from the South Saskatchewan river to the cities. I examined the report carefully and I did not see where a dam was recommended to be built, but I presume a dam must have been included, because the report states that the whole works would cost approximately $6 million. I do not see how it is possible to render any real and adequate service to those two cities unless a dam is built across the river to provide an adequate reservoir from which the water could be pumped. In 1929-30, again, there was low water and the people suffered considerably. In 1930 Regina engaged an outstanding New York engineer, Mr. N. S. Hill, and he was associated with Mr. R. O. Wynne-Roberts of Toronto. These two engineers made a thorough survey and reported that, to supply a permanent and adequate amount of water to the two cities, it would be necessary to bring it from the South Saskatchewan river. In 1930-33 Moose Jaw city engineer was consulted, a very capable man. I met him last summer and discussed the matter with him and I know his qualifications. I refer to Mr. A. W. Ellson Fawkes, and in association with him there was a local financial man, Mr. A. E. Martin. They recommended the building of a dam across the river near Riverhurst and conveying the water by conduit to the two cities after pumping it over the river bank. They proposed to pay for the construction, operation and maintenance by irrigating 500,000 acres of irrigable, but low moisture land, between the river and Regina, and from the profits thereof they would have defrayed all costs. Nothing, however, was done. That last proposal was made eleven years ago.

By 1936 the water situation, after having been investigated and pronounced wholly insufficient for the growth of the two cities, was again thoroughly discussed. I have a whole sheaf of clippings from the Regina *Leader* and the Moose Jaw *Times*, as well as reports to the city councils of both cities, all indicating the magnitude of the problem and the necessity for the development of an abundant, permanent and adequate supply of water. A citizens' committee was appointed; they associated themselves with the province and with the federal government and a plan was proposed in conjunction with the prairie farm rehabilitation board. The P.F.R.B. men have done a splendid job in the west, and later on I shall have the pleasure of speaking of the good work they have accomplished. The P.F.R.B. engineers made a survey of the situation, as it would appear that from the beginning it was recognized as the business of the federal government. You cannot expect two cities in the financial condition of those cities out there, and having regard to the financial position of the province of Saskatchewan and the magnitude of the whole problem, alone to undertake a project of this magnitude. As an easterner I know what the government has done in the east and I endorse it; and as an easterner I take the stand that the time has come when the federal government must take a greater interest in assisting such projects in the west. We have built here canals that have cost between $650 and $700 million, and I endorse these, too. What have we spent in the west on canals? A paltry $2½ million. In Montreal we have built a bridge costing $20 million, and I endorse that; but where have we built a bridge of that kind in the west? I say, therefore, that if it does cost ten or fifteen or twenty millions to erect works equal to the provision, for those two cities and the municipalities between Regina and the river, of a permanent, adequate and abundant supply of water, it is something that merits the support of everyone. I am sure that every board of trade, every chamber of commerce, and eastern members of parliament would be glad to support whatever the government might determine was required to give those two cities an even chance with others. If they go down through lack of an adequate water supply, if the people move out of them, it will be a tragedy that will have its repercussions in the east as well. That is why I say as an eastern member—and I know that all eastern members will agree with me in this—that provision should be made for

an adequate, permanent supply of water for those people. I appeal to the minister to bring in a gigantic programme, if that is required, in order to give those cities the water supply to which they are entitled. Many industries would be attracted to them as a consequence of such an undertaking and they would expand and give handsome returns to the people of the east, the workers of the different ridings in the east, by providing jobs to make the goods that would be required.

By 1938 that commission finally presented a programme and by 1939 commenced to build the present works. I will not say anything about the present works apart from this. I am satisfied that if the P.F.R.B. engineers had been furnished with the number of millions of dollars necessary to do a real job they would have done it, and a permanent, adequate supply of water for those cities would have been provided. More than that, I believe they would do as good a job as any other engineers could perform. That is the best I can say for them. But of course they did not have the money. I will not say anything about the work they have done, but I will ask the minister to come forward with a real programme, and a real programme would consist in the building of a dam across the river. According to the figures I have, a dam fifty feet high would provide water for the two cities but not for irrigation, but it would provide the power required to deliver an abundance of water to the two cities. But there are dams that can be built piecemeal. The Ambursen Company of New York city have built a number of dams, some of which I have examined. Some of them have been constructed to a certain height, say fifty feet, at the commencement, and as more power was required they have been added to. There is one in New Hampshire, at Bristol, I believe. That dam was raised thirty feet some years after it was first built. But that is neither here nor there. If the government decides that only water for domestic purposes shall be provided, a fifty-foot high dam may be sufficient. If it decides that the land must be irrigated between Regina and the river it may require a 150-foot dam to produce the 75,000 horse-power, more or less, that would be needed to pump the water over the hill and to provide irrigation water as well as domestic. At any rate, while it is an engineering problem it is not an insuperable one. If the engineers are directed to do it they will do a good job. I have sufficient confidence in the engineers to believe that, given the necessary money to do the job, they will overcome almost any obstacle; and it is not an impossible task.

[Mr. MacNicol.]

I strongly recommend this. The people there are entitled to it; they need the water. Just consider what would happen if either of those cities were overtaken by a catastrophe. In the recent fire in Montreal caused by the falling plane—and that was a comparatively small fire—they required twelve lines of hose which poured out 3,000 gallons per minute for two hours to do the work. In that time they required 360,000 gallons of water. At that rate a fire lasting ten hours would require a million and a half gallons; or a fire lasting a full day would require three and a half million gallons. I hope neither of those cities will be so unfortunate as to require this amount of water for this purpose, but could either of them supply the water necessary if it should be required? Moose Jaw could not supply 3,500,000 gallons in twenty-four hours. The total capacity in Moose Jaw to-day, even under the most favourable circumstances, does not exceed two millions gallons a day, and that would not allow water to be used as it is here in Ottawa.

I made a careful tabulation of the requirements of thirteen eastern cities and arrived at an average of 117 gallons a day per person. I do not believe either Moose Jaw or Regina ever had that capacity. To adequately meet that requirement Regina, with its sixty thousand inhabitants, would need a capacity of eight million gallons a day, while the twenty-five thousand population of Moose Jaw would require not less than four million gallons a day. In order to have that supply of water available they will require a pressure line, and they will need a large reservoir, which in turn will require an adequate dam and pumping plant to get the water over the hill and through conduits to the two cities. If it were put into a pressure conduit the line would be much straighter; perhaps a good deal of it would be underground, and hence much safer. It would have to be of wood, because steel would not stand the frost, and then it could operate all year. The present ditch has never even had its maximum flow of water. I do not want to enter into that question, but I can say that in 1941, when the test of the present ditch was made, the plant pumped 550,000,000 gallons of water, but the amount that reached the Caron saturation plant was infinitesimal. When it finally reached Caron, according to a letter I received, the stream of water was about fourteen inches wide and seven-eighths of an inch deep. It was run at this capacity for only a very short time. In 1942 it was not run at all. In 1943, the year I was out there, an engineer at the plant told me—I am now speaking from memory—that

in operating for nineteen days he had pumped down to the Caron saturation plant about fifteen million gallons of water, and that the maximum in any twenty-four-hour period was only 270,000 gallons. That is wholly insufficient for cities of that size.

Mr. GARDINER: They did not try to pump any more.

Mr. MacNICOL: The pumps went out of commission, anyway. I do not want to get into any argument; I want to help the minister, and I want to help those cities. I am just saying that while the present plan may have some merits, it is utterly inadequate as far as those two cities are concerned.

Mr. GARDINER: The present system would not take care of Regina at all.

Mr. MacNICOL: Well, Regina needs water also. I am getting close to the end of my time, Mr. Speaker, and I do not want to ask for an extension. My argument is that the west is entitled to a much better deal, as far as engineering works are concerned, than it has had up to the present. I have no doubt that before long a delegation will be coming here from cities in western Ontario such as London, Chatham, Stratford, Ingersoll and other cities and towns in the Thames river valley, asking this government to do for that valley what it has begun to do for the Grand river valley. I spoke on this subject ten years ago; as far as I know I may have been the first to bring it up in this house. I did so after making exhaustive surveys of the rivers in the northern United States on which flood control and water conservation works had been erected. In that survey I learned that the United States federal government paid 37½ per cent of the cost of such works; that the state governments also paid 37½ per cent, and that the municipalities benefiting paid the remaining 25 per cent. That is a good ratio. That matter was argued in this house, and the government of the day—I have forgotten which government it was but that is neither here nor there—agreed to build the Shand dam north of the town of Fergus on the Grand river, the first dam built in Canada, as far as I know, for the purpose of flood control and water conservation. This government paid 37½ per cent of the cost of that dam. It should do the same in connection with flood prevention works on the Thames or any other river.

Therefore I am going to appeal to the minister to bring forward a real plan to provide an adequate, permanent supply of water for the two cities I have mentioned, Regina and Moose Jaw, and the surrounding municipalities. According to the city engineer of Regina that would cost approximately $10,000,000 for water for the two cities for domestic purposes alone. According to the city engineer of Moose Jaw it would cost approximately $15,000,000 for both domestic water for the two cities and water for irrigation purposes. The government should determine what ought to be done; then this government should put up 37½ per cent of the cost; the provincial government should contribute 37½ per cent, and the two cities and other municipalities should make up the remaining 25 per cent. I will go further. Since neither those two cities nor the province of Saskatchewan can borrow money as cheaply as this government can borrow it, I would say that this government should meet the whole cost and accept notes or bonds from the province and the municipalities for their share, which might be paid off as per agreement. This money could be advanced to them at a rate not more than three per cent, which is the rate at which this government can borrow money.

I am in earnest on this subject. I have kept away from politics; I have attempted to speak from the point of view of one who has been associated with industry for a long time, one who saw what it meant to industry to have the west grow. I am thoroughly convinced that if both Regina and Moose Jaw are given water to the extent I have suggested, that is not less than eight million gallons a day in the case of Regina and four million gallons a day in the case of Moose Jaw, with provision for doubling those amounts if and when that is required, it will result in the population of those cities doubling and in the rebuilding of many of those little dried-out communities between Regina and the South Saskatchewan river. As an easterner I hold that it is the duty of the east to see that those cities and the little municipalities in southern Saskatchewan whose growth has been restricted so greatly through the lack of water are given a chance to live in the sun. Every dollar spent for this purpose will be returned in profits from the manufacture of the goods required to build them up and the goods that will be distributed through the growth of those centres. The government will be repaid through taxes of one kind and another, and in the long run it will not cost the country anything.

Let me close with these words. As an easterner I feel that this is the least we can do. As I said in commencing my remarks, my suggestions could be applied to many other centres in the west, but I believe this is the least we can do in return for what those

cities and communities have done to help build up the east and to bring about harmony and unity across this country. To me this is a national problem, as well as a municipal and provincial matter.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. NORMAN JAQUES (Wetaskiwin): Mr. Speaker, as a fellow member I should like to congratulate the Minister of Finance (Mr. Ilsley) upon the manner of presenting his budget, but as a social crediter I am afraid I cannot congratulate him upon the matter contained in the budget. There seems to be nothing new in it to meet new conditions, or perhaps to anticipate the new order which we are told we must have. It is based on the same old method of piling up debt.

In every budget debate since the war started I have raised my voice against the method of debt finance. I still believe that it would have been possible to finance the war without debt. It seems obvious to me that if the debt is widely and equitably distributed then it surely would cancel itself out. On the other hand, if the greater part of it is held by a small fraction of the people, it means that the poorer and larger section will be in debt to and must pay tribute to the richer and smaller portion of the people.

On those grounds I cannot see that it will lead to anything but trouble in the future. And, speaking of the new order, from what I have heard I have not been able to find anything new in it. Apparently we are to have a work state. Everybody is to be put to work. There is nothing new about that. Moreover, that is exactly what Hitler did. He put Germany to work; then he put Europe to work and now he is putting the whole world to work.

We do not hear anyone say that what we need is a happier world. People say that we need a harder working world, and perhaps a richer world. But it would seem to me at the present time that the world is under the domination of fear and hatred. Surely the best antidote to fear and hatred would be love and laughter. I should like to hear someone voice the opinion that after the war is over we should have a happier world—not merely better and richer, in a materialistic sense. Many people are saying to-day, of course, that we must have a new order, and that the old order of individual enterprise and individual freedom is finished. They say that it will no longer work. I do not hold with that view. I believe that with some adjustments to the financial system the old order would work very well. We could preserve all that is good in the old order, and at the same time bring about a state of affairs in which poverty and insecurity will be things of the past, without sacrificing our individual liberties, as the socialists say we must do.

I do not understand how people can think that individual enterprise will fail to bring the necessary results. I have always noted that if there is any demand, there are always plenty of people who are more than ready to fill that demand. I think if our socialist friends had ever been in productive business they would find that the difficulty is not so much to find the individual for the enterprise, as to find an opportunity or an opening for the enterprising individual.

Of course we in this group have often been referred to as funny-money people, and as those who believe in something for nothing. I was pleased the other day when I received a publicatioin of the federal reserve system of the United States, dealing with the method adopted by the United States treasury in acquiring their gold reserve from the federal reserve banks. As everybody knows, the federal reserve system is a system of private banks and private institutions. This little bulletin answers a question asked by a United States senator as to what steps the United States treasury took in securing their gold reserves from the federal reserve system.

Roughly, the procedure was this: The United States treasury went to the federal reserve banks and said, "We would like to buy or acquire your gold, but we have no money." Therefore the federal reserve system very kindly lent the treasury of the United States the money to buy the gold. According to this bulletin, that depleted the credit of the United States treasury with the federal reserve system. But the credit of the treasury was restored immediately they had possession of the gold, although they had borrowed the money from the owners of the gold in order to acquire the gold. In the words of the governor of the federal reserve system the treasury of the United States had acquired the gold for nothing. It cost them nothing, so that you see it is possible to have something for nothing. It seems to me to be obvious that if the treasury of the United States, or the government of the United States if you like, can acquire $20 billion worth of gold for nothing, then it could very easily finance public works or anything else of that kind equally at no cost to itself.

There is no doubt a drift at the present time toward socialism. I am quite

sure that the average member of the public does not realize what socialism really is. In my opinion the votes that have been registered during the last year or so have not been votes against this particular government or any other government; they have been votes against the frustration from which the Canadian people suffered for so many years before the war. In spite of the war the people of Canada, generally speaking, are better off than they have been for many years, and they assume—I do not agree with the assumption—that their better condition is due to planning and control. In our social credit opinion it is due simply to the fact that there is plenty of money about and that the problem of marketing has been solved.

It is a curious thing that while the whole world is fighting to resist the imposition of one German philosophy, people are blindly adopting another German philosophy known as socialism. The founder of socialism, Karl Marx, was certainly a German, and a Prussian at that. It seems to me that what we need is a Christian solution of our economic problems. Socialism in my opinion is not a Christian solution. Christianity is based on the freedom and responsibility of the individual, whereas socialism, to put it shortly, means irresponsible masses controlled by irresponsible individuals.

I am quite sure that one reason for the spread of socialistic ideas in Canada and elsewhere—I have heard this out in the country, especially in western Canada—is the totally misleading propaganda about Russia. I am not going to criticize Russia in any way at all. What they do in Russia is the affair of the Russian people, but when the radio and other means of communication are used to spread propaganda that Russia is even more democratic than Canada, then I think it is time somebody made a protest. I want to make that protest with all the strength I possess.

I am not libeling any one when I say—I have not his exact quotation, but I think I remember it correctly — that President Roosevelt has stated that Russia is as complete and absolute a dictatorship as any that has ever existed. That is true, but most people do not know that. They are occupied with their own affairs, and they listen to those who should know and are given a totally false picture of communism in Russia and elsewhere. I should like to quote a man who will not be accused of being prejudiced since he is a socialist himself. Professor Laski is professor of political history at the London school of economics, and a few years ago he published an essay in the United States entitled, "Recovery through Revolution", from which I quote:

> The communist hypothesis . . . insists that no socialist government can attempt seriously to put its principles into practice without encountering determined resistance which will issue in civil war. To maintain socialist principles, in short, socialists will be driven to become communists or to betray their socialism. If they become communists they will find themselves involved in the grim logic of Leninism—the dictatorship of the proletariat, the drastic suppression of counter-revolution, the confiscation of the essential instruments of production, the building of the state, in a word, upon the principles of martial law until the security of the new order is firmly established. The transformation of capitalism into socialism means revolution, and that implies an experience akin to that through which Russia has passed.

Last winter it was my privilege and pleasure for a few days to occupy a seat in the gallery of the mother of parliaments. I was seated in the gallery reserved for members of dominion parliaments. This is a little gallery and I found it filled with men, all of whom were in uniform but myself. They represented the armies of New Zealand, South Africa, Australia, Canada and the United States. On one occasion in the House of Commons at Westminster the post-war settlement of Europe was being debated, and it seemed to me as I listened to some of the speakers that they were apologizing for the surrender of the interests of the smaller countries in Europe which they thought might have to be made at the end of the war. A man sitting next to me, an officer, a chaplain in the Royal Air Force, turned to me and said, although he did not know me from Adam, "Is there no one in this house with the courage to get up and speak the truth?" I should like to pay a tribute to those countries and peoples that at the beginning of the war stood by Great Britain to the best of their ability and fought the Germans when everything looked black and apparently all was lost. The Poles put up a magnificent fight. Their air force in Great Britain I was told had a very large share in the victory of the battle of Britain over the German air force in 1940. The skill and daring of the Polish airmen were, I was told, unsurpassed. The Polish government has never surrendered and its soldiers still are fighting against the common enemy.

Then there was Yugoslavia, which also fought gallantly against the Germans when everything appeared lost, and they are still fighting. Then there were the Greeks, who also fought magnificently, and whom we tried in vain to relieve. I heard from responsible men, mem-

bers of the House of Commons at Westminster, that their faces burned with shame when they thought of the treatment which these countries had received, how they had been denounced as fascist, and how all the credit and even the help were now being given to those who had held their hands until Russia was invaded. I discussed this question a great deal with responsible men in Great Britain who knew what they were talking about, and I should like to pay my humble tribute to these gallant peoples who, when apparently everything was lost, fought and are still fighting. They seem now to be discredited and forsaken, but I hope they will not be forgotten by the Canadian people when they realize the part they played in winning the war.

I should like to close with a story that I was told in the House of Commons at Westminster which made a great impression on me. As I suppose all members know, the house itself is not very old. It is a part of the old palace of Westminster, of which Westminster Hall still stands. The office of the Empire Parliamentary Association is situated in Westminster Hall and I used to go there every day when I visited the House of Commons. I had to walk though Westminster Hall itself to get there. I had seen the hall as a boy but I was much more impressed with it now than I was then, possibly because I could compare my own puny efforts at building with the work of those old master builders. I noticed one of the old beams lying in a corner of the building. Members will probably remember that just before this war the roof of Westminster Hall was found to be unsafe owing to the borings of the death-watch beetle and the roof had to be restored. One of the members of the house showed me this old beam. There it was, honey-combed by the death-watch beetle. He told me this story. When this great hall was being built some eight hundred years ago the old builders decided to construct the finest roof in Europe. They said, "We shall have to have the finest oak timber in England, in order to build the finest roof." They searched all over England and finally they found what they wanted in a spot in Sussex and bought the oak from the owner of the land, who was then a member of the House of Commons, and out of that oak they built the roof of Westminster Hall. Eight hundred years later when they came to repair the roof the modern builders said, "We shall have to have the finest timber in England to build the new roof." Accordingly they searched all over England for the best timber, and finally they found it growing in the very same spot where their ancestors had found it eight hundred years before. More than that, the land on which the oak grew belonged to a descendant of the owner of eight hundred years ago, and the present owner is also a member of the House of Commons. I thought it was a remarkable story from which we can draw a great lesson now. The lesson is this: When you come to build permanently you should always use local material. Those old builders had the faith and the courage to build for all time, and the roof they built stood for nearly a thousand years and would have stood for another thousand years had not the death-watch beetle bored its way into the very heart of the oak beams supporting the roof. When they decided to rebuild the roof they did not say, "We should have a new order of roof; we should have an alien roof made of alien materials"; they said, "We must have the finest English oak to build the finest English roof." And so the roof stands to this day, defying not only the elements but the blitz; and it will stand for another thousand years, a sublime monument to the skill and faith of those builders of old.

And so it is with our constitutional roof of British justice and liberty which our ancestors have taken centuries to build, in the faith that it would stand, and that Britons always would be free. To-day our British constitution is under attack from within and from without by the death-watch beetles of state socialism, fascism, communism and international finance-ism. We are told that we must have a new order, designed by aliens, an alien structure of alien materials, in place of our old and tested British constitution of justice and liberty. But, Mr. Speaker, we do not need a new order of alien design. Let us build on our old British foundations of liberty and justice which our ancestors laid down through the centuries. Let us destroy these alien death-watch beetles, these isms that would undermine our own foundations of freedom. We must repair our own Canadian structure. Let us renew our faith in our own ability to build, as did our ancestors to the end that there will always be a sovereign Canada of justice and freedom.

Mr. L. A. MUTCH (Winnipeg South): Although I address the house on the occasion of the annual budget debate, I do not imagine that the Minister of Finance (Mr. Ilsley) would be grateful, although I am thankful to believe he would survive it, if I should suddenly at this time and in this place begin to discuss the question of money or the closely allied problems of finance which are so often a part of budget discussions. In the brief remarks which I intend to make to-night I propose rather to say something in a more

general way on the subject of planning, and I have elected to make those remarks on the annual budget debate because, in the experience of ages and in modern experience everywhere to-day, ideas of practical planning are inextricably interwoven with the fiancial structure of the country. However, I do not propose to-night to relate those general remarks on the subject of planning to the financial or the taxation structure of this dominion except in a very general way.

I have had the somewhat unique experience, shared by nearly everyone in the house, of seeing this country pass through two of the most trying periods which happened in the lifetime of anyone living: first of all, the period of the major depression which preceded the war; and second, the period of the war itself. Perhaps no two periods in the history of any country were or could be more conducive to planning and the realization of the need for planning, the need for thinking ahead, than those periods have been.

Back in 1935 I remember writing a letter to the people who are now my electors, and have been since that time, and discussing with them the conditions which then prevailed. I remember saying to them that I was not one of those who venerated something because it had always been that way, but I thought it would be possible to examine those things which had been done with the same critical eye as one applied to those things which were proposed for the relief of the conditions in which we then found ourselves. Throughout the period of time since then I have had no reason to change my view of the practical need of retaining something of that which has served us well, while not being afraid to examine those proposals which come to us from time to time and from various sources looking to the amelioration of present conditions or an improvement in the future.

I was not dismayed in those years by the often-expressed view, so common in eastern Canada at that time, that the west, economically speaking, was done. By 1939 we had begun to come out of that black period, and the hope and confidence shared by a large percentage of us had begun to be justified. Then war came; and for a little while, following the depression throughout the country, people were anxious to get something of that immediate war prosperity which seems always to come with the taking up of the slack between civilian occupation, particularly after the depression, and the somewhat feverish activity of war. Then, as the next phase, fear came, and during those fateful days of 1940 everyone was willing to pay almost anything in order to preserve what we called our way of life. For a little while during that period which I have called the period of fear we forgot the black days which had preceded it; and those were days when people went about saying, I think without realizing the unconscious irony of what they said, "This time we are all in the war". But as the pendulum swung slowly and painfully, almost imperceptibly for a long period of time but nevertheless steadily, in our favour, people began to look backward again. As we began to take victory for granted we looked backward with a measure of unhappiness and forward only with distrust. It was at that period, I think, that we in Canada began to experience what one might call the active period of the planners.

Sir, there are plans and plans just as there are planners and plotters. There are plans which are based on dreams of the future, and there are plans which have their origin in what one might call the nightmares of the past. It seems to me that from Beveridge to Tim Buck most of our professional planners have based their plans on the backward look, on the nightmares of the past, and that very few have visualized the brighter future which I for one believe faces this country, or boldly planned to make that come true.

I do not anticipate a return to the depression of the thirties. I am not afraid of the future for Canada once this war has terminated, but if I were, frankly I should be more afraid of an artificial and unnatural boom in the immediate post-war years than I should be of a depression. But, sir, it is my conviction that we shall go forward to better things, and that for two reasons. One of them is this. Already in this country we have progressed far beyond the conditions which made possible the depression of the thirties and though we may lose something here and there, that type of progress will not be wiped away by any adjustment period following the war.

The second reason why I believe we are going forward to something better is that the young people of the country, mobilized largely in the forces but to some extent in industry and in business, will it. They have made up their minds that they are not going back and we agree with them; and all the forces of reaction cannot keep back either them or us, who must go with them if we are to continue to function. Under these conditions those who are skilled in the arts of leadership, and experienced in leadership in this country, will either look forward and lead in that direction or cease to function, or new leaders will arise. To those who have dominated the modern world picture, as well as the Canadian scene, the leaders of a society of free enterprise, it is

not too early to say a word of warning. Certainly it is not new, and in my opinion it cannot be said too often, that even in the ranks of those who to-day have offered their lives, if needs be, for the preservation of the freedoms of democracy, even among them there are some, far more than some of us think perhaps, who, because of the backward looking of those who direct themselves to their attention, and some of them because of their own memories, would be willing to sacrifice some measure of these freedoms for security. I was more than impressed, talking with a considerable number of people in the service, to find the effect which those past years had, either on their memories or on what they have picked up since, and to find a grasping for security, which, without direction and leadership, might tend to breach the very ideal for which they are fighting. And so I say to the leaders of a system which is led by free enterprise, you must make your system work and make it work fast, if it is not to perish for generations, if not forever.

It is fair to point out to those who seek, in considering these matters, the socialistic ideal, that in the endless conflict for progress and security man must be ever supreme over his own creature, the state; for if you breach in any material sense that fundamental concept you find man quickly in the position of being subservient to the state which he has created. To those who look to the Liberal philosophy of life, with its emphasis on man himself and his right to improve himself in free association in the state, the challenge is as clear as it is sometimes unheeded. The issue is drawn; it is a challenge to make the system work for the benefit of all who contribute to it, for all those who live according to the dictates of decent social practice, or they must be prepared to stand aside.

Governments do not hesitate to deal with people who violate the civil or the criminal law. The same force, by the same common consent, can deal with those who violate social law. Governments can, and in my opinion governments must, follow that course. That, sir, is one thing; but the conception of the state administering all phases of production and of social relations is something else. Bad times are not inevitable. They may come again and again if we adopt the philosophy of life which encourages people to ask the question, "What will you do for me?" We should rather encourage another question and should have the answer for it, and that question is: "What opportunities will I have?"

Between those two questions there is all the difference between despair and hope. We have had very little of it and I should hope that we shall have none of the "land fit for heroes" type of thing. I think we can be saved from trouble only if we assure our people, both in the service and elsewhere contributing to the war effort of the country in other than their normal routine employments, that they will have a free chance, in the after period, to build the kind of Canada they want themselves. We shall in that way inspire more confidence in them and be on a safer basis for the future, and less liable to the type of recrimination which followed before. Political parties which hope to survive, and deserve to survive in Canada after the war, must recognize that the war has put a fresh emphasis on youth; if they fail to recognize that they must surely disappear.

To the men and women of the services a fifty-year-old is an antique. But these people are tolerant. In so far as they are concerned, they may forget yesterday; their day is to-morrow. From the day they put on their uniform until the time they take it off, consciously or unconsciously they live in to-morrow. What have we done about to-morrow? The budget has given some indication that the Canadian government is preparing to answer the question, "What opportunities will I have?" For this reason I am glad that those of us who wish to see industry and business encouraged to have some partnership with the government in the period of reestablishment, have received a little encouragement in this budget. It is not enough to challenge the spirit of private enterprise and to tell people they must pull their own weight or cease to exist. There is a place in government planning for assistance and encouragement to those established institutions which provide so much of the wealth and so much of the employment of the country in normal times.

I could have wished to see more consideration given to mining, because I am reasonably certain that we in Canada are neither forgetful of what the mining industry has contributed to this country during the difficult pre-war years, nor unaware of what it can do for us in the time to come. With the problem of housing, the full impact of which will come upon us instantly once the cessation of hostilities comes, I could have wished that it had been possible to include in the budget some encouragement to the industries of the forest. I suggest to the Minister of Finance now, whatever he may or may not be willing to do in the way of implementing it at this moment, that when he has an opportunity, in closing the debate, he take that opportunity, if he will, and give some indication of policy and intent

with respect to the government's plan for something in the nature of a more cooperative effort between established business in the country and the government; this with a view to assisting those tried, established industries, to carry what they recognize and realize fully is their share of the load of rehabilitation and reestablishment; for we in Canada do not really believe that everybody can live off everybody else while nobody pays. At times we may give the impression that we are imbued with that philosophy, but the practical demonstration Canada has given in financing for war, in the matter of loans, the purchase of war savings stamps and certificates, is an indication that large numbers of the people of Canada, in managing their household affairs and in their private thinking, still have a reasonably sound conception of the use and power of money.

The speech from the throne this session is replete with clear indications, now being implemented by legislation, that the government plans to help our people help themselves in the post-war period by providing both a measure of security and an open door to self-support. Supplementing that legislation we have the regulations which have been brought into effect with respect to the reestablishment of veterans during the period following the war. So that the principle of what can be done to help our people help themselves seems to be running through the whole programme. The opportunities being given returning soldiers, sailors and airmen, and the women in the service, to improve their own opportunities through training, through re-training, through education and so on, all point in the direction which I think most Canadians desire to see taken; that is, assisting people to be self-reliant in their own selected ways of making a living. Consequently I did not want this debate to close or this session finally come to an end without expressing my own approval and that of many others of the principle which I think has been so clearly established in the three phases I have mentioned; that is, the principle of assisted self-help.

Before I resume my seat I should like to do something I do not believe I have done previously in this house; this is, I should like to refer to certain specific cases which in my view require reconsideration on the part of the Minister of Finance and those concerned with respect to the income tax. Perhaps the simplest way of putting a point across at any time is to give an example, and that is my only reason for giving two examples, for both of which I can vouch. Exemptions are provided now under the income tax regulations with respect to children who, having passed the age at which the exemption normally would cease, are attending educational institutions. I have had brought to my attention a great number of cases of young women who, instead of electing to go to university or to take their senior matriculation, have chosen to go into the general hospitals of the province from which I come—and perhaps this is general in other provinces—to do work which is difficult and which they are encouraged to undertake by appeals from this and other governments. These young women are entering our hospitals to train as nurses, because of the great need for trained nurses throughout the country.

Anyone who gives any consideration at all to the problems of a girl who goes into a general hospital to learn to become a nurse, and who places her in the category of a wage-earner rather than that of a student, seems to me to be missing the point of what happens to a girl who undertakes training in these institutions. I am aware of the fact that during the period of training some hospitals do pay these student nurses small monthly amounts. It happens that the major hospital in the city from which I come pays nothing at all. Student nurses are given their room and board, and that has been used as an argument for saying that their income was such that they could not be classed as dependents. In that regard I should like to point out that when a nurse graduates from a hospital, then returns to that institution to nurse a patient, the hospital itself values her board and lodging at only $1 a day. On this basis, which seems fair, the earnings of a student nurse would be less than would be sufficient to disqualify her as a dependent. I have tried every method I know of to bring the cases of these young women and their unfortunate parents to the attention of the government in the hope that they might receive some consideration. I have supplied names and facts and am prepared to do so again at any time. I know the number of such cases would not be very great, but I hope that before we come to deal with the income tax provisions the minister will reconsider the matter or, if it has not been brought to his attention so far, that he may find out about it and be prepared to discuss the matter at that time.

There is another type of case in which I believe a hardship is inflicted which is not intended under the act. I have in mind a commercial traveller, a widower with one daughter who is a student nurse in a hospital. This man is seldom at home and has no particular reason for maintaining a domicile in the city of Winnipeg except to provide a place where his only daughter may have some of the advantages of a home. For income tax

purposes, however, that man's whole income is classed as that of a single man, because his daughter has quarters in the hospital and his domicile is used by her as a sort of auxiliary home. There is not a great deal of difference between these cases, but I cite them now in the hope that, if possible, the regulations may be reconsidered. I have been informed that no change has been made in the provision barring student nurses from the consideration which would have been granted them if they had chosen the comparatively less useful course of studying for their senior matriculation, or had gone to university.

I do not think anyone greatly resents the terrific pressure of our present taxation, but I suggest to the minister that some of these considerations, perhaps small in the aggregate but important to those concerned, might be reconsidered with a view to building up on the part of our people a spirit of greater good-will in connection with the sacrifices they are called upon to make.

Mr. G. K. FRASER (Peterborough West): Mr. Speaker, I was pleased to hear the hon. gentleman who has just taken his seat (Mr. Mutch) mention nurses in training, because I have received a great number of letters in regard to this matter. One gentleman has this to say:

> There seems to be one particular injustice in the regulations which, I believe, is to the detriment of Canada's war effort, that is the fact that nurses in training cannot be claimed as dependents by the taxpayer. As you very well know, there is a scarcity of nurses in all districts and we in Ontario are required to train some five hundred additional nurses for the coming expected emergency when the invasion starts.

This letter is dated April 21, 1944.

> At the school of nurses in Kingston, for example, we understand that the students receive no allowance so that the parents are obliged to pay for clothing and other necessities (other than board) and besides must provide spending money for their daughters during the three year course. On the other hand, students in university, up to the age of twenty-one years, may be classed as dependents, and their relative importance to the national economy is debatable.

I have other letters along that line, and I honestly believe that the Minister of Finance (Mr. Ilsley) when he is revising his budget—and he is not listening to me—should take into account nurses in training. I hope he heard that.

When I heard the Minister of Finance make his budget speech I thought it would meet with the approval of almost everyone in Canada. However, while I was home during the week-end I met a number of industrial workers, not only from my own riding, but from ridings outside. Some of them were from Toronto, others from Hamilton and other points. I asked one person what he thought of the budget, and in one voice the group replied that it was terrible—and used other words that I cannot use, because they are not parliamentary. One said, "The Minister of Finance is an Indian giver, because his compulsory savings regulation is not going to help us very much. In many cases we have insurance policies and payments on our homes, and the compulsory savings are taken care of. Then, we get it back after the war is over. But what bothers us more than anything else is the fact that, although the compulsory savings regulation is eliminated, the Minister of Finance has increased his budget to such an extent that it will mean, at the next victory loan, that he will ask the people of Canada to subscribe a much larger amount than before. When he does that it means that the industrial worker will be asked to subscribe, not the amount he or she subscribed at the time of the last loan, but perhaps as much as their compulsory savings would have amounted to."

These industrial workers told me that it would not be a case of, "Will you subscribe to the loan?" It was their opinion that pressure would be so great that it would be a case of, "You will subscribe to the loan." They said that they did not mind subscribing if the government would stop up the sink holes into which their hard-earned money was going. They said that there were many of these, and that the government should stop the wastage. They also mentioned injustices the government were inflicting upon the people. I shall not go into detail in respect of the wastages, but perhaps I should mention one or two items to which attention should be given.

I hold in my hand a letter from a gentleman, in which he states:

> I learned quite accidentally the other day that one of our local junk dealers is able to purchase these files in ton lots at 15 cents per pound in assorted sizes and types from a government aircraft factory. You will note from the advertisement that they are offered for resale at 10 cents each. I am sending you samples of the files.

And he goes on to say, further, that from the government literature and press notices it would seem that the War Assets Corporation is going to do a real thorough job of disposing of our surplus goods. But this does not look like it. There is an ad. in the paper, "Thousands of good files, all shapes and sizes, 10 cents each." The minister has not heard a word I have said, because he has been talking to the Minister of Justice (Mr. St. Laurent). But for his benefit I shall call a page and send to him these files which have been discarded from our aircraft factories. I am

asking the page to give these to the Minister of Finance. These are files that I consider first-class; and if the Minister of Finance does not know anything about them, he had better call in the member for New Westminster (Mr. Reid), who is an expert. Those files have just been touched, and that is all. They are almost brand new. Yet they have been discarded in ton lots. I say that is a condition which should be looked into.

There is something else I should like to bring up at this time. I believe I have mentioned previously the fact that the war information board has been wasting a lot of money. I was criticized in some Liberal papers for what I said. However, I expected that criticism, because they have to hold up their end. I hold in my hand an item from the *United Church Observer*, headed "All A Mistake". It states:

A few days ago we, along with many other Protestant ministers across Canada received from the wartime information board a small booklet—

And I believe that is a little bit of sarcasm—

—of 144 pages, beautifully printed on most expensive paper, and neatly bound. It was called "The Nazi War on the Catholic Church." Later we received a letter from the wartime information board saying that it was all a mistake. . . .

And that it should not have been sent out. Now, you know and I know that the Roman Catholic church, for which I have great respect, has no need of any build-up. Nor has the Protestant church any need of a build-up of that kind. I said before that literature of that kind should not be sent out to the churches of Canada. It is an absolute waste of the people's money.

Here is another item which in my view is a waste of time and money, and also a waste of the time of our air force boys. I understand that questionnaires are sent out to the different classes in the air force pools—and I understand the same is being done in the army. This is marked "Air Force poll No. 6", and it is stated that it is an attempt to determine the opinion of members of the air force on various subjects. It is suggested that they simply read the question and encircle the answers which best express their opinions. At the top are the words, "experiment in group opinion." Then the first question is:

What party did you vote for in the last elections?

Federal.—Liberal, Conservative or C.C.F.

In the next federal election which party do you think you will vote for, or which party do you think you will not vote for?

The hon. member for Vancouver Centre (Mr. Mackenzie) will understand this next question:

Reasons for voting or not voting:

(1) Present government has done a swell job;

(2) Present government has done as well as anyone else could.

An hon. MEMBER: Far better.

Mr. FRASER (Peterborough West): I expected to hear that. The third alternative is a beauty:

The present government has bungled and should be replaced.

Then further down the page:

The Progressive Conservatives will run the country as it should be run.

And further down:

All politics are a waste of time.

Mr. MACKENZIE (Vancouver Centre): Where is that from?

Mr. FRASER (Peterborough West): Air Force poll No. 6.

Mr. GRAYDON: And you are paying for this.

Mr. FRASER (Peterborough West): I say it is nothing but waste.

I have been speaking about injustices. It was a week ago to-day that I asked the Minister of Finance this question: Why is it that creameries in Quebec can gather cream three times a week, whereas those in Ontario can gather cream only once every two weeks?

An hon. MEMBER: More cream.

Mr. FRASER (Peterborough West): No, that is not right. If you know anything about farming you will realize that that is the most foolish answer anyone could give.

An hon. MEMBER: They had more sap.

Mr. FRASER (Peterborough West): The butter production in Ontario has gone down because they can collect only three times every two weeks. The result has been that the small butter factories are shipping their butter in the form of seconds because the cream is soured before it can be made into butter. Ontario butter is really the best in the world. as the hon. member for Fraser Valley knows. These creameries should be able to collect once every two days. On Thursday I asked the Minister of Finance if he could give me an answer and he said, "Put it on the order paper and save time." On Saturday I went into a creamery and the first thing that greeted me was, "Well, those sons of guns down at Ottawa, the wartime prices and trade board,

have evidently seen the light; there is an order out to-day that we can collect cream three times a week."

Mr. HOMUTH: Did they "sons of guns" or what?

Mr. FRASER (Peterborough West): I will not repeat it because it would not be parliamentary. The wartime prices and trade board should treat every one fairly and squarely. It should not be up to a member of parliament to rise in this house and complain when an injustice is being done. A few months ago I referred to the slaughtering of cattle and hogs. They were allowed to do this in Quebec without a permit but we could not do it in Ontario. However, that was changed to some extent. That is as far as I am going on that and from now on I am going to deal with the budget.

I have here an editorial which I should like to read because I think it covers the ground very well. It is from the Peterborough *Examiner* of Friday, May 19, 1944. Sometimes this paper treats me well and sometimes it does not, but when it knocks me it is generally a boost, and when it boosts me it generally means a knock; they are fair, however. The editorial reads in part:

> Is Mr. Ilsley going to do anything to remove the feeling of the ordinary taxpayer that he is being bilked? In a recent complaint which he made about expenditure Mr. Ilsley seemed to take the attitude that all the money in the country is under his control, and that the portion of a man's income which is left to him when his taxes are paid is a favour which he enjoys from the government. Quite the contrary is the case: the portion of a man's income which he pays in tax belongs to the government, and the remainder is his own. It is well that we should not lose sight of this simple truth. And many taxpayers feel that they are treated in an unjust and punitive manner because of abuses in the tax system. These abuses have been widely discussed, but it will not be amiss to set them down here again.

And further down it says:

> At present our forms are so complicated that a taxpayer may easily make a mistake and pay either too much or too little. But if he pays too little he may be billed for the balance, plus accumulated interest, any time within twenty-six years of the time of payment. But if he finds that he has paid too much, he must make his claim for redress within a year of making the mistake, or he gets nothing. And he gets no interest on the money which he has involuntarily paid to the government, either. Neither Great Britain nor the U.S.A. permit this tricky business of reopening old tax bills.
>
> The powers possessed by tax officials are exercised, to a great extent, on their own discretion, and thus vary greatly from one district to another. There is no good reason why so much power should be reposed in officials, and there is a strong feeling that their powers should be clearly stated, and applied equally everywhere in the country. This is important, because there is no appeal against the decision of one of these men except through the Exchequer Court of Canada, and proceedings in that court are far too costly for the average citizen to invoke them. In Great Britain and the United States there are courts for handling tax matters which are easy to appeal to and which do not cost more than the humbler taxpayers can afford. Why should Canada have tax officials against whom there is virtually no redress?

I know the taxpayers of Canada feel that there should be a limit upon the number of years which the income tax branch can go back.

Mr. GIBSON: Even in case of fraud?

Mr. FRASER (Peterborough West): That is a different proposition, but they should prove the fraud. It is an imposition to go back twenty-five or thirty years. If the Minister of National Revenue (Mr. Gibson) gets caught by their going back thirty years he will be the one who will do the kicking. I know the minister knows of many cases where they have gone back quite a ways.

If they go back that number of years the income tax branch will charge you interest on the amount computed. There should be a limitation of not more than five years on the time they can go back. No interest should be charged on the unpaid portions of succession duties. Many estates have been tied up for two or three years. I realize that the dominion government entered this field of taxation only a short time ago. As I say, the government should not charge interest on unpaid balances unless an account is first sent in to the trustee or the executor or whoever is in charge of the estate. This should apply also to income taxes. An account should first be presented before interest is charged.

The government said that the simplified tax forms which were issued last year could be filled out in ten minutes. Apparently the forms for those in the higher brackets are also extremely easy to decipher, because it appears that the income tax branch provides for the income tax officials a book on the income tax act which is printed in Montreal and priced at $1.25. They give all the officials in the income tax branch one of those books absolutely free so that they can work out what the government has set down. In other words, the government feels that the income tax officials in Ottawa and throughout the country cannot possibly work out the income tax problems unless they have this book costing $1.25. If they give these books to the officials, why should not the ordinary taxpayer be supplied with one? He certainly is the goat; he is the one who has to pay.

Last year I made a suggestion to the Minister of Finance. He took me up on it and he carried it out. He put in item 36 in the 1942 income tax form and it would appear that the Department of National Revenue did very well under that time. The following question appeared in a return under my name:

What is the total amount of money received to date under item 36, general income tax T.1 form for the year 1942?

The minister's answer was:

The total amount of deferred tax received as of May 31, 1944, under item 36, T.1 general 1942 is $4,743,111.

I should like again to make a suggestion to the minister which I made last year. The time for paying that deferred tax, the 1942 tax, for those who had an investment income, was April 30 of this year. That tax brought in $4,700,000. Would the minister not be wise to allow that to continue on in 1945 and 1946 or even longer? It is based on an expectancy of life table anyhow. If that went on, I know that many dollars would come in. We need the money now; we do not need it fifty years from now. I think the minister would be wise to accept my suggestion and allow that to carry on. I believe the minister would also be well advised to send out a notice to all those who are on that list telling them what their deferred tax is, and also send them a table of life expectancy such as I have here. I know very few people know that there is such a table got out by the government; in fact, many people do not know that there is such an item as item 36 in the tax form. They do not know that when they die the estate has to pay the balance of the tax. Many would like to pay it now. I would also suggest that instead of making people pay the whole tax at once, they be allowed to pay half or one-quarter or three-quarters or any portion they like, but at the same rate of discount as allowed before.

In regard to payroll deductions I have talked to industrial workers and many of them say, "We would rather that the government took 100 per cent of the tax instead of only 95 per cent, so that at the end of the year we would not have to pay the government five or ten or fifteen per cent, but would likely have the whole tax cleared off. If not, we should have to pay only a very small amount, and in some cases the government would owe us money and we would have money coming to us."

The budget imposes different rates of duty on different articles entering this country. There is one duty or luxury tax which I think should be removed entirely. I have mentioned this in the house before and I am mentioning it again now. I refer to the tax on the poor man's alarm clock. I think the tax should be taken off entirely on alarm clocks costing not more than $4.50. It is hard enough to get an alarm clock as it is, and the luxury tax should be taken off altogether.

I have a suggestion to make to the Minister of National Revenue. I have mentioned it before and am mentioning it again, and then I am through. In the city of Peterborough we have been asked to subscribe to the different victory loans. In the first loan our objective was $2,750,000 and we subscribed $3,085,000. In the second loan our objective was $2,750,000 and we subscribed $3,027,900. In the third loan our objective was $3,250,000 and we subscribed $3,546,450. In the fourth loan our objective was $4,350,000 and we subscribed $4,679,550. In the fifth loan our objective was $4,600,000 and we subscribed $4,700,000. In the sixth loan we went away over the top, subscribing over $4,700,000. The people of my district are doing everything possible to help the war effort, and I am going to ask the Minister of National Revenue, as I asked him last year, to open an income tax office in Peterborough, at least during the time when the returns are being filled out, and have there one or more men to help the taxpayers to make out their returns.

Mr. H. W. WINKLER (Lisgar): Mr. Speaker, my main purpose in rising is to ask for consideration for infant industries in my riding of Lisgar in Manitoba. I know that is a very unusual request to make on the budget, but that is my main purpose in rising.

Before doing so I should like to congratulate the Minister of Finance (Mr. Ilsley) especially upon removing entirely the duty on agricultural machinery. Prior to this budget the duty was only 7½ per cent, but that duty weighed heavily on the agricultural producer, especially in the west, because the implements of industry are so essential in production there, and with the mechanization of farms the cost is steadily rising, and therefore the task would have become increasingly burdensome. The removal of the duty has been something which has been sought ever since I can remember, and it is very gratifying indeed that it has actually come to pass at last.

I should also like to refer to the announcement which was made within recent weeks that United States funds would be forthcoming for those who wish to travel in the United States. I would suggest that the amount be extended so that those who require treatment for health, especially those with a delicate constitution, be permitted to visit the southern states in the winter time, particularly between

October and May, when the sun's rays become very oblique and when one becomes impoverished more or less from not receiving those rays on one's anatomy. Few of us are rugged Stefanssons, and very few of us regard the Arctic as friendly as Mr. Stefansson did. With the month of October or November arctic weather begins to encroach on the Dominion of Canada and one cannot very well receive the rays of the sun to advantage in this climate during the winter months. For that reason I believe it would be advantageous to the health of the Dominion of Canada if sufficient United States funds were forthcoming to permit people seeking health to visit the southern states. I do not anticipate that there would be any great difficulty in making the necessary arrangements. It would be an investment that would soon bring a return. Further, I do not think this country would lose a dollar by it because, as those of us who have ever travelled in the United States know, there are dozens of people wherever you go down there seeking information as to Canada's summer resorts and every Canadian who visited the southern states would be a missionary for our resorts. It would mean that twelve people from the United States for Canada's one would travel increasingly in Canada. Therefore, Mr. Speaker, I am convinced that this country would not lose one dollar.

Speaking of tourists, when this war ends, as we all hope it will soon, and it may end suddenly, the United States tourist, who is a great traveller by car, will possibly try to enter the Dominion of Canada. The constituency of Lisgar, which I have the honour to represent, extends along the international boundary line for seventy-eight miles. There is no barrier, no river whatever, nothing to prevent anyone from crossing the border. Five United States macadam roads approach the boundaries of my constituency. Two of them meet Canadian roads; the other three do not. I assume that this situation could be described as fairly general in the Dominion of Canada, where we are not too amply equipped to meet the tourist demands which will likely follow the war. I therefore suggest that consideration be given to the creation of a fund which would permit the provinces, already impoverished as we know, to enter upon the construction of all-weather roads which lead to the United States.

There are two industries to which I wish particularly to refer. The first, which is only two years old is known as the bentonite industry. There is in Canada only one deposit of this material which is being worked. As the age of the industry would indicate, it is a war-

[Mr. Winkler.]

time enterprise, and made possible only by the war. I emphasize the words "made possible." As many know, this metal is a volcanic ash which was deposited on portions of this country in prehistoric days, or rather, deposited on the ancient sea and washed into coves and deposited in beds ranging from a few inches to several feet deep. That clay or rock is mined very readily. Inasmuch as at one time it was subjected to intense heat it is suitable for certain purposes connected with war-time industry. It acts, among other ways, as a filter which is necessary in the production of oil and gasoline. It also acts as a catalyst in the production of synthetic rubber. Its most useful purpose before the advent of the oil business was as a binder for moulding sands in steel foundries. These are the three purposes for which it is needed, and one can readily surmise that war industries cannot get along without it.

There is one corporation in the United States with which this company is now competing. The Manitoba company is a joint stock company organized among farmers, although there are a few lawyers and quite a number of artisans interested in it. One might call it a shoe-string company; it used a lot of makeshift machinery since the promoters did not know what they would be up against, but they now have a pretty good plant, because of the expansion made possible by the war. The United States firm could easily run them out of business, but for one thing: at the present time it has about all it can look after in filling United States orders and practically none of its product is coming to Canada. Under these circumstances one would think that ordinarily the Canadian industry would have a fairly good chance to survive, but here is what it is up against. The company is not asking for tariff protection to exclude the United States competitor after the war, but it would like to be treated at least with fairness with regard especially to freight rates.

I wish to place a few figures before the house regarding freight rates on the raw clay from Jackson, Mississippi, to Sarnia, as compared with the rate for the same commodity from Winnipeg to Sarnia. In Canadian dollars the rate from Jackson is $7.40 per ton, as against $8.50 per ton by the Canadian National Railways from Winnipeg. Of course the distance from Jackson is shorter than that from Winnipeg, being 995 miles as against 1,500 by the Canadian National; however, a direct line from Winnipeg to Sarnia would lead through the United States, this route having a mileage of 1,113. There is not any great complaint about the difference as regards freight

on raw clay, but the activated clay, that is clay which has been treated and rendered suitable for the purpose for which it is intended, is a different matter. The freight in Canadian funds from Jackson, Mississippi, is only $9.46 per ton as against the Canadian rate of $16.00 per ton. This indicates far too wide a differential, $8.10 per ton on Canadian shipments as compared with $2.06 in respect of United States shipments. If that disparity is permitted to continue after the war, the Canadian company cannot begin to compete with the United States company, and, it is safe to say, would be forced out of business. What would be lost? First, the company, which now employs a good many people—I do not know the exact number—would cease to exist. Last year it paid in freight rates to the Canadian National Railways over sixty thousand dollars. The other loss would be that of post-war expansion, the hope of enlarging the plant and thereby giving employment to ex-servicemen when they return.

There is another handicap under which the company operates and for which it has sought redress, but without result so far. It has asked for the milling-in-transit rate. Those hon. members who are accustomed to concerning themselves with the wheat milling business know that Canadian mills are accorded a milling-in-transit rate, which is a nominal rate with a stopover privilege; that is, the grain is brought a considerable distance in the bulk state, and is dumped into mills or elevators, at Kenora, at Winnipeg, at the head of the lakes and farther east too. This stopover privilege means quite a bit to the millers; they can, as I said, ship and mill products with a nominal charge for the stopover privilege. The bentonite company, which is known as Pembina Clays Limited, has been refused this privilege; and I think the time has come when this matter should be made public, because it is apparent that this young company, energetic and virile as it is, cannot hope to survive post-war competitive conditions unless it has some redress for the handicaps which I have described.

There is in my constituency another industry which is also in the infant stage; it is that of corn growing. It also was pioneered, as far as western Canada is concerned, in the constituency of Lisgar, and in the eastern half of that constituency practically all the grain corn in western Canada is grown. In 1941, when we had a very good crop, about twenty per cent of Canada's production was raised in that small area. Since then we have run into difficulty. In 1942 we had eight killing frosts in September, night after night, and the crop was virtually ruined. In 1943 there was a considerable improvement, but still there was very cold weather all through the season and cold weather is not at all suitable for corn growing. In that district we have twelve commercial corn driers, and it could safely be described as a thriving industry up to a point. In my own case, corn on the farm with which I am connected is used as a substitute for summer-fallow, but in most cases it is used as a cash crop by the small-acreage farmers.

In 1941 freight assistance was started in connection with the bringing of grains to eastern Canada. It was first announced that corn would be included in those grains, but later that was withdrawn and still later it was mentioned that, instead of western corn coming to Montreal, which is the main market, it would be accorded a freight subsidy from Calgary and Edmonton to Vancouver, instead of from the head of the lakes to Montreal. Under that arrangement in 1941, from October to December, 17,420 bushels were shipped to Vancouver; in 1942 a portion of the crop, 162,200 bushels, and in 1943 only 80,679 bushels, which would indicate that less than ten per cent of the product from our district has been shipped to Vancouver. All the rest, I am told by those who engage in the drying, shipping and selling, has been disposed of, mainly in Saskatchewan and some in Alberta.

It has come to my notice around the corridors of this building, I have been told by several persons, that the Ontario farmer does not like to see Manitoba corn sold in Ontario. I think that is a mistaken idea, because there is as much difference between Ontario and Manitoba corn as there is between Ontario and Manitoba wheat. The wheat of Ontario produces the best pastry flour; our wheat, of course, is, as we think, better for producing bread flour. The same holds in regard to corn. Eastern corn is starchy and produces corn starch and corn syrup, which the western corn cannot under any circumstances as yet produce. Western corn is highly protein and produces the best chick feed and corn meal. In 1941 western corn was sold in Ontario at twelve cents a bushel over Ontario corn, the reason being that the demand for corn meal and chick feed was such as to force the price up. This did not mean that the situation would always be so, but that was the condition then. I think that explains roughly why our western corn is sometimes in demand over eastern corn, although at times during the last two years eastern wheat has been at a premium over western wheat.

What we would like to see is a fund set aside so that a freight subsidy on corn will be

returned to the Fort William-Montreal point after the British Columbia market has been satisfied. We have run into this difficulty, that the companies of British Columbia, which are in the habit of dealing in corn, do not particularly like our Manitoba corn. They are accustomed to Argentine and South African corn, and a good many dealers in Manitoba who have been shipping say that they will ship no more corn there. If we should again have as large a crop as in 1941 we would be under a considerable handicap in having to ship it to Montreal in competition with other grains which receive a freight subsidy.

In that connection I would refer to sessional paper 345 dated June 2, 1944, moved for by the hon. member for Colchester-Hants (Mr. Purdy). What I am endeavouring to show is that in asking for this freight subsidy the people of Manitoba are not asking for anything unreasonable because, when one looks over the freight subsidies over the years, it would indicate that Manitoba has not been at all grasping in what she has obtained. This order asks for costs of federal assistance for twenty years. I have in my hand only the part that refers to the Department of Agriculture which covers the years from 1936 to the present time. In that period $53,937,000 was paid by the dominion government in freight subsidies. The province that received the most was Ontario, with $15,357,000—I will not give the odd dollars. Saskatchewan and Quebec almost tied for second place. The second last was Prince Edward Island, with $944,000, and last of all was Manitoba with $352,000. The total, as I said, was $53,937,000. So that in asking for the return of the freight subsidy on corn from Fort William to Montreal we of southern Manitoba are not asking anything unreasonable.

There is in my riding another industry, not yet born, which I would refer to in passing. It is to be known as the vegetable oil extraction industry to be located at the village of Altona, where 16,000 acres of sunflowers are being grown by cooperative producers in that vicinity. In addition to the 16,000 acres there are a great many more on nearby farms not under arrangement with the cooperatives, although it can safely be said that corn and the sunflower industry go hand in hand. It appears that, inasmuch as the cooperatives desire themselves to go into the oil extraction business, there has been considerable feeling on the part of private industry that this is a mistake and should not be permitted or encouraged. On the other hand, I think that attitude is a mistake, because I am a firm believer in the idea that cooperatives and private industry can exist side by side. I do not wish to go into details with regard to the attempts to establish this industry, but I mention it in passing and will refer to it when it comes up under another item.

I should like to say before taking my seat that I have been a member of one or more cooperatives since 1915, and at the present time I am a member of two. I also take an equal or a greater interest in private industry, because I am connected with agriculture and I have great faith that agriculture will remain a private industry inasmuch as we are individualists. I think that is all I need say at this time.

Mr. MAXIME RAYMOND (Beauharnois-Laprairie) (Translation): Mr. Speaker, the budget speech has made it clear that our war expenditures, far from being decreased, as we had been given to understand in previous discussions, will be increased to such an extent that they will reach the tremendous figure of $5,300,000,000, which will bring our total expenditures to $6,000,000,000 for 1944-45. In view of the statement which the Prime Minister (Mr. Mackenzie King) made in this house on March 30, 1939, when he said that our country did not have unlimited powers and referred to the heavy burden of our national debt which then amounted only to $3,385,000,000, while to-day it reaches the sum of about $11,000,000,000 and will be $14,000,000,000 at the end of the fiscal year, Canadians have every reason to entertain fears about the future of their country.

I for one do not hesitate to repeat that our war effort is beyond our means, that it is leading us to ruin, and that it is a breach of the pledges that were given to the people. To meet those expenditures, the government is resorting to taxes, especially the income tax, and to loans.

The Minister of Finance (Mr. Ilsley) complained the other day about those who sell their victory bonds. That is unavoidable for the very reason that the country has exceeded its financial capacity—

Mr. LACOMBE (Translation): Why has it exceeded its financial capacity? Do tell us.

Mr. RAYMOND (Translation): —and that even if the people can be intimidated and compelled to purchase bonds, they cannot be prevented from converting them into ready cash because they need it to live.

Mr. LACOMBE (Translation): Under legislation which you supported.

Mr. RAYMOND (Translation): As regards the income tax as usual the budget does not

make sufficient allowance for family obligations. A living income must not be lower than a certain minimum, and the larger the family is, the more money it takes to support it.

Mr. LACOMBE (Translation): And you ought to know that.

Mr. RAYMOND (Translation): This budget, like the others, discriminates against the family. The tax should have been lowered in the case of those whose salary is insufficient to meet the cost of living, especially those who have families to support.

Thus, according to the Marsh report, the average cost of the support and education of a child in Canada is estimated at about $140 a year. But the head of a family is not allowed to deduct from his tax more than $108 for each child. That is a glaring injustice against large families.

Mr. LACOMBE (Translation): You did not say that in 1938.

Mr. RAYMOND (Translation): Mr. Speaker, I would ask you, Mr. Speaker, to see that these interruptions cease.

(Text):

Mr. SPEAKER: Order. If the hon. member wishes to ask a question of the hon. gentleman who is now speaking, he may do so; but he must rise and address the Chair. Interruptions such as he has made cannot be permitted.

Mr. LACOMBE: These are not interruptions. These are remarks on the speech being delivered by the hon. member.

Mr. SPEAKER: Order. The hon. member for Beauharnois-Laprairie may not be interrupted except with his consent, and he objects. There must be no further interruption.

Mr. RAYMOND (Translation): Immigration has been mentioned. Instead of spending money to bring in refugees who will take the place of our own people, let us help our large families by every means at our disposal, especially by tearing down slums where death is rampant.

I would now like to avail myself of the opportunity afforded by the budget debate to make a few remarks about the Canadian Broadcasting Corporation.

The independence of the Canadian Broadcasting Corporation, its autonomy, the lack of government interference in its administration and of political partisanship have been loudly proclaimed, and, last March, the chairman of the board of governors said that the corporation operated solely in the public interest, and reference is always being made to the guiding principles draughted in 1939. May I recall some of these guiding principles.

Section D:

35. The Canadian Broadcasting Corporation is opposed to and will resist any effort which seeks to regiment public opinion or stamp out freedom of speech.

Mr. LACOMBE (Translation): That's a joke!

Mr. RAYMOND (Translation):

It favours free access to airwaves for useful discussion. . . .

Mr. LACOMBE (Translation): Another hoax.

Mr. RAYMOND (Translation):

. . . of all controversial matters. It is firmly convinced that the safest way to preserve freedom of discussion lies in the adoption of a policy which allows the holders of the greatest possible number of opinions, to express these views, be they ever so varied and dissimilar.

And Section 46 reads as follows:

The thorough exchange of ideas constitutes one of the means of safeguarding the freedom of our institutions. In every democracy, each individual is recognized the right of rebuttal.

The airwaves belong to the public and the constant purpose of the Canadian Broadcasting Corporation is to place within hearing of all the main viewpoints relating to matters of primary import.

Before the special committee on radio broadcasting, the Minister of National Services (Mr. LaFlèche) spoke as follows:

Mr. LACOMBE (Translation): Of War Services, don't forget.

Mr. RAYMOND (Translation): Of National War Services. Thank you.

As has already been stated by the Prime Minister and by my predecessor, the corporation is not a department of the government. On February 8 of this year the Prime Minister said: "Certainly the government's view is not that the Canadian Broadcasting Corporation is a department of the government. It is not; it is a separate corporation.

Mr. LACOMBE (Translation): It is through the facilities of that corporation that the hon. member has spoken as official candidate, in 1940.

(Text):

Mr. SPEAKER: Order. I wish again to call the attention of the hon. member for Laval-Two Mountains (Mr. Lacombe) to what I have said already, that the hon. member for Beauharnois-Laprairie (Mr. Raymond) must not be interrupted while he is making his speech.

Mr. LACOMBE: I will permit my hon. friend to interrupt me.

Mr. SPEAKER: Order. The hon. member must take his seat.

Mr. LACOMBE: I want to know the truth about this question, Mr. Speaker. This is a question, and I want to know the truth.

Mr. SPEAKER: Order.

Mr. LACOMBE: And we all—

Mr. SPEAKER: The hon. member must take his seat, and I must warn him that I will not allow the hon. member for Beauharnois-Laprairie (Mr. Raymond) to be further interrupted in his speech.

Mr. RAYMOND (Translation): In the month of June, 1943, the chairman of the board of governors explained to the select committee on radio broadcasting the general principles that were being followed by the Canadian Broadcasting Corporation:

> The independence and flexibility of administration of the national broadcasting authority to be assured by its constitution as a public corporation. . . . The independence of the corporation from partisan control to be assured by its constitution. As a trustee for the people of Canada and the payers of licences, the board of governors should render an account of its stewardship regularly to parliament and be subject to ultimate parliamentary control.

I made it a point to enumerate the guiding principles that were being followed and to quote the statement of the minister, who is responsible for the radio broadcasting activities as well as that of the chairman of the board of governors.

Mr. LACOMBE (Translation): Who is he? You say: the minister. Is he the Hon. Mr. Mitchell? The minister, that is not very plain. We want to know. Are you afraid to say?

(Text):

Mr. SPEAKER: Will the hon. member for Beauharnois-Laprairie please be seated.

I have already said to the hon. member for Laval-Two Mountains (Mr. Lacombe) that I would not tolerate any further interruptions of the speech made by the hon. member for Beauharnois-Laprairie. It is apparent that the hon. member does not intend to obey the injunction of the chair, and I will have to name the hon. member.

I therefore name Liguori Lacombe, member for Laval-Two Mountains.

Mr. MACKENZIE (Vancouver Centre): Mr. Speaker, in accordance with the rules of the house—

Mr. LACOMBE: I only put a question to my hon. friend.

Mr. SPEAKER: Order.

Mr. MACKENZIE (Vancouver Centre): In accordance with the rules of the house, and in the absence of any explanation by the hon. member, I shall have to move, seconded by the Postmaster General (Mr. Mulock):

[Mr. Lacombe.]

> That the hon. member for Laval-Two Mountains, Liguori Lacombe, be suspended from the service of the house for a period of seven days.

Motion agreed to.

Mr. SPEAKER: I would ask the Sergeant-at-Arms to remove the hon. gentleman.

Mr. DORION: I would not rise at this time, but—

Mr. SPEAKER: There is no discussion.

[Whereupon the Sergeant-at-Arms touched the hon. member on the shoulder, and he thereupon retired.]

Mr. SPEAKER: The hon. member for Beauharnois-Laprairie may now resume. In view of the fact that his speech has been constantly interrupted since the beginning, he may go over his speech again, and commence his forty minutes from this moment.

Mr. RAYMOND (Translation): As I was saying a moment ago, I wished to set out the guiding principles quoted in support of the claim that the CBC was an independent and self-governing body, free from governmental interference. I regret to say that the facts are not in accordance with these contentions. I call the attention of the house to the 1942 plebiscite. As soon as the plebiscite was announced, the League for the Defence of Canada was organized in Montreal. On February 13, 1942, the secretary of the League wrote to Mr. Augustin Frigon, assistant general manager of the CBC, requesting the use of the CBC radio stations. On February 16, 1942, Mr. Frigon replied as follows:

> Most likely, our regulations, which apply to general elections, will be enforced during the campaign which, in all probability, will precede the plebiscite announced by the government of Canada.
>
> Our services are offered free of charge to all recognized political parties, and according to a policy which was adopted almost three years ago. I feel that so far we have observed, in this regard, a strict neutrality.
>
> To sum up, your league may use individual private stations, but our corporation, in view of its national character, must remain neutral in any political matters.

The secretary of the League for the Defence of Canada replied that it was not a case of conducting elections or electoral campaigns or ascertaining the views of the parties or electing a party in preference to another, and that the policy mentioned in Mr. Frigon's letter should not apply in this case.

On February 24, Mr. Frigon wrote as follows to the secretary of the League for the Defence of Canada:

> Our regulations in regard to the broadcasting over the CBC stations and networks of political

or controversial matters are quite clear and do not allow any other interpretation than that given in my letter of February 16.

I shall deem it a duty to convey to the proper authorities the remarks contained in your letter of February 18. In view of the importance of the plebiscite and the peculiar conditions of the campaign which will be waged on this issue, it is quite possible that our board of governors will place a special interpretation on our regulations.

And on February 28, 1942, Messrs. Murray and Frigon communicated the following message by telephone:

(Text):

The broadcasting arrangements for the publicity are still under consideration, and the league's claims are being taken fully into account; decision cannot be taken until the enabling bill becomes law. Meanwhile the league for the defence of Canada is in the same position as any other political organization.

(Translation): The act ordering the plebiscite was passed on March 5, and there was another exchange of correspondence. On March 11, Mr. Frigon wrote to the secretary of the league, as follows:

Nothing has been decided yet about the use of the stations and networks of our corporation for the discussion of the problem connected with the plebiscite recently ordered by parliament. So far, your request is the only one which we have received for the use of our stations.

On March 30, the secretary of the league wrote to Mr. Frigon, as follows:

The newspapers announce that the Prime Minister will soon speak on the question.

Should we understand that you have come to a decision, and would you be kind enough to let us know what that decision is.

There was no answer to that letter. But on April 4, the press announced that the Right Hon. Mr. King, Hon. Mr. Hanson, Mr. Blackmore and others would broadcast on the question. The league wrote another letter, and finally on April 8, the secretary received the following answer:

Ottawa, April 8, 1942.

Mr. André Laurendeau,
League for the defence of Canada.

Dear Sir,

In accordance with instructions received from the federal government, our corporation has placed at the disposal of the administration a certain number of periods on its various networks for the use of speakers who will discuss the plebiscite.

Your last letter, dated April 4, shows that you already know how the transcontinental network is to be used in that connection. Eight half-hour periods will also be allotted to this matter on our French network. We have not yet been informed of the names of the speakers.

Such is the position. It is claimed that the Canadian Broadcasting Corporation is absolutely independent of any governmental control, but we have a convincing proof of the contrary, in the letter from Mr. Frigon, assistant general manager, who states:

In accordance with instructions received from the federal government, our corporation has placed at the disposal of the administration a certain number of periods on its various networks for the use of speakers who will discuss the plebiscite.

You call it an independent corporation. Yes, to camouflage all the government's propaganda over the Canadian Broadcasting Corporation's stations.

We had been asked to answer "Yes" or "No", but all those who were in favour of an affirmative answer had the opportunity of speaking over the radio, including the leader of the social credit, Mr. Hanson and Mr. Coldwell.

But all those who were in favour of a "No" vote were prevented from using the facilities of the national network. Even our offer to pay for the use of the radio, was turned down. Let us stop fooling the public by leading them to believe that the Canadian Broadcasting Corporation is independent while it is a political tool of the government. We hear much talk of freedom, justice and democracy. It would be better to respect those principles in Canada before attempting to enforce them somewhere else.

The 30 per cent of our people who voted "No" and who contribute to the maintenance of the corporation had the same rights as the other 70 per cent who voted "Yes", if it be true that the corporation's object is to ensure the expression of opinions, and that its guiding principles, that I just quoted, are that the radio waves belong to the public and that the Canadian Broadcasting Corporation has among its objects that of ensuring that the various views on matters relating to questions of foremost importance will be expounded.

Here is a matter of foremost importance, yet the proponents of the negative vote were barred from expressing their views through the facilities of the Canadian Broadcasting Corporation.

I wish to quote the following excerpt from an article published in *Saturday Night* by Mr. Sandwell, who is at present, I believe, one of the governors of the Canadian Broadcasting Corporation. I quote:

(Text):

The French-Canadian press is regarding with a sort of cynical amusement the attacks which are being directed against the CBC in connection with the Bracken broadcast and—though these are dying down—the "Things to Come" series. For the French-Canadian press has a long memory, and it is now recalling, with ample justification, the fact that from no English-speaking source did there come any protest against the extraordinary error of policy by

which the CBC refused to allow any broadcasting from its stations on the No side of the plebiscite campaign. It is difficult at this distance of time to understand, and quite impossible to justify, that profoundly illogical policy. The people having been asked by their government to express their views upon a specific question, the arguments upon both sides of that question should have been presented with equal freedom. It was not treasonable, it was not even contrary to the defence of Canada regulations, to vote or to argue on the No side. The press was permitted to disseminate No arguments; the private radio stations had equal freedom. But the CBC carried the Yes arguments and the Yes arguments alone. The policy was not only illogical, it was most unwise. Its result in French-Canada was to increase the No vote by creating the impression that the Yes case was being stuffed down the throats of the French Canadians.

We have to express our own penitence for not having raised our voice against this piece of unwisdom at the time. Our only excuse is that we entirely failed to realize its import.

(Translation): I am very glad that Mr. Sandwell has been appointed one of the governors of the Canadian Broadcasting Corporation. I hope that such mistakes will not recur.

Here is another instance. Two or three days after Doctor Gauthier had been appointed organizer for the Bloc Populaire in the Quebec district, he was arrested and it was announced all over the country, through the Canadian Broadcasting Corporation, that Doctor Gauthier, organizer for the Bloc Populaire in the Quebec district, had been arrested and court-martialed. There was no ground for the charge laid in that case, as was shown by the evidence; that fact was known and an attempt was made to bring him into disrepute only because he had just been appointed organizer for the Bloc Populaire. For many weeks that trial was mentioned over the radio, and each time it was stated that Doctor Gauthier was an organizer for the Bloc Populaire. When he was acquitted after the court which tried the case had deliberated for a few minutes only, the Canadian Broadcasting Corporation merely announced that Doctor Gauthier had been acquitted. For once, the words "organizer for the Bloc Populaire" were omitted, and some people would afterwards have the public believe that the Canadian Broadcasting Corporation is not a political organization, that it is a body free from political influence and government interference.

I wanted the public to be aware of these facts. If the complaint is sometimes voiced that we lack confidence in our public men, all I can say is that they well deserve what they get since they have been deluding the people far too long.

One more remark before I conclude. In the course of the debate this afternoon, the Minister of Labour (Mr. Mitchell) intimated that farmers' sons were no longer called up for military service. I regret to say that I know of cases where such men are still summoned for military duty. I regret to say that some farmers' sons asked for postponement months ago that they might work on the farm, and they have received no reply or have been turned down. I also regret that the inquiry requested by the hon. member for Témiscouata (Mr. Pouliot) concerning happenings in British Columbia where force has been used to have recruits signed up for active service has not been granted. I have received many letters dealing with this matter and a recent message was really heart-rending. It concerned a sick recruit who called on the doctor for treatment. The first question which the doctor asked him was: "Have you signed up for active duty?" As the recruit replied "no," the doctor refused to look after him. These are the means resorted to in order to compel men to enlist for active service. And yet the public is still led to believe that we are following the voluntary system! Well, if we wish to retain the confidence of the public let us cease to mislead them.

(Text):

Mr. P. E. WRIGHT (Melfort): Mr. Speaker in taking part in this budget debate I intend to restrict my remarks to one particular section of the speech made by the Minister of Finance (Mr. Ilsley), namely, that dealing with trade and tariff policies.

I think we are all agreed that the freer movement of trade in the after-war years is essential not only to our own prosperity but for the peace and welfare of the world as a whole, and any movement made to bring about that desirable end is welcome at this time. I should like, however, to point out to the minister the position of the various countries of the world. They have changed to a remarkable degree during the past five years, and if we are to export our goods to them we must be prepared to take in exchange for our goods either manufactured goods or raw materials from the rest of the world. Every nation both large and small has increased its manufacturing capacity during the war years, and every other nation will be doing just what Canada is doing after the war, seeking to find a market for exportable surpluses. This can mean only one thing, that we must be prepared to take other goods in exchange for our own.

It appears to me that the problem of prosperity after the war is not entirely one of finding export markets but rather one of every nation being able to increase its own capacity

to use goods and services. In other words, each individual nation has to organize its internal economy so as to raise the purchasing power and standard of living of its own people, so that we may all be able to use more goods than we were able to consume in the nineteen-thirties. The freer exchange and export of goods has its place but, as I listen to government members and read certain papers in this country, it seems to me that in placing responsibility for a prosperous Canada on export trade alone they are on very narrow ground indeed. As a matter of fact, I think it is just looking for an excuse to go back to the conditions which existed before the war. During the depression years that was the story to which we listened, that we could have prosperity only if other nations were prepared to buy from us larger quantities of goods and services than we were prepared to buy from them. For five years under the Tory government of Mr. Bennett we starved at home in order that we might have a favourable balance of trade and in order that we might export more than we imported. We in this group believe that if we are to have this freer movement of trade which everyone desires we cannot leave it to the exporters and importers. We believe that we must have government export and import boards that will be prepared to give direction and, if necessary, assistance in these exports.

In the past we have only exported when the exporter could make a profit, and to make that profit the exporter very often found that he had to force the price of the article which he was exporting on the domestic market down low enough to make a profit on it when he wanted to export it. Therefore we found that a small exportable surplus of five or ten per cent of any particular article controlled our domestic price. Take beef and butter, for example, before the war, and eggs as another example. Before the war we found that in the summer months in western Canada eggs could be bought at seven cents a dozen, while five months later in November and December the same eggs were worth fifty cents a dozen. No industry can be prosperous with price fluctuations such as that, and the price fluctuations are caused largely by the fact that when surpluses come on the market they have to be exported and the exporter has to force the price down to where he can make a profit on it. On the other hand, we have found that certain companies which had a monopoly and complete control over the price structure of the article which they had to sell have often used our domestic market as a means of bonusing their export trade. We have found this in our cereals. I have seen advertisements, for instance, for breakfast foods made in western Canada in the city of Saskatoon offered for less money in London than had to be paid for them right opposite the factory at home. These conditions have not led in the past to freer trade but rather to restrictions and world cartels and monopolies which have divided the world into economic spheres of influence, which has been one of the major factors in causing world wars in the past.

We believe that the duty of these government export and import boards would be to see to it that we have a freer movement of goods both out of and into Canada. These boards would be used as an instrument of government policy in creating better and larger markets for Canada's exports and controlling our imports so as to fit them into an expanding Canadian economy.

We do not believe, however, as the government does that we should use the fact that other nations are not prepared to go as far as we are as an excuse for doing nothing at home. Our domestic market is our largest market. Up to the outbreak of the war approximately seventy-five per cent of all the goods and services produced in Canada were used here. This is something over which we have complete control, and we cannot say that we have done our best as long as there is one home in Canada that lacks anything which can be produced in this country. This leaves a wide field open, and neither this nor any other government has the right to use the hackneyed excuse that lack of world trade prevents us from having prosperity. It is, after all, only surpluses that we need for export.

In this pre-election budget the Minister of Finance keeps a promise that was given by the Liberals some twenty-five years ago when he removes the tariff on farm implements. In other words, he gave to the implement manufacturing companies twenty-five years notice of the government's intention, and then the government seems to be surprised that these companies have so arranged their business largely to nullify, so far as the farmer is concerned, the beneficial effects of this lower tariff. The minister himself states at page 4183 of *Hansard* of June 26, 1944:

> Changes in the custom tariff would here and now have little, if any, effect on the supply or cost of goods.

That was the government's experience in the past when they reduced the tariff on farm implements. In 1935 the government reduced the tariff on these products from 25 per cent to 12½ per cent, and the price of farm implements promptly went up 4·4 per cent. As a result a committee was set up in Ottawa to in-

vestigate the prices of farm implements. That committee brought in certain findings. But have the government done anything about those findings? I am going to read a few as they appear in the minutes and proceedings, report No. 20, on farm implement prices by the special committee appointed by the House of Commons in 1937. I will not read all these recommendations, since there are thirty-six of them, but will read just a few to show what the government have failed to do in carrying out the committee's proposals:

7. That farmers have a right to expect the level of farm implements to be based on the most efficient and economical manufacturing and distribution cost. . . .

13. That the matter of freight rates on farm implements should receive immediate attention with a view to restoring lower rates thereon.

There has been no change in freight rates on farm implements since that time.

22. That indirectly this retention of profits in the United States affected the price level of farm implements in Canada, as the true profits arising out of their Canadian operations were not properly appreciated by the United States companies.

I shall have more to say about that later on.

24. That the companies should encourage the further standardization of replacement parts in the same implements manufactured by different companies and in addition standardization of the implements themselves.

Well, the government has done nothing during the past number of years to see that these recommendations in regard to standardization are carried out.

28. That the profits to the farm implement companies on the sale of replacement parts is excessive, and the price of these to the consumer should be materially reduced.

They have been going up steadily ever since.

29. That the increases announced by the companies in January, 1936, were not justified by an increase in manufacturing or distribution costs or by the financial results of the companies in so far as these were affected by the price level of farm implements.

Yet nothing has been done about it.

30. That over the period 1891 to 1936 retail prices of farm implements have been maintained at too high a level as shown by the financial returns to the companies engaged in the industry, during that period. . . .

33. That the committee is of the opinion that the cost of distribution of farm implements is unnecessarily high and constitutes an important factor in the prices to the consumers.

These are recommendations made by the Ottawa committee. As a result of the failure of this government to carry out any of these recommendations, in 1939 a Liberal government in Saskatchewan set up another committee to investigate this matter. On page 10 of sessional paper No. 124 of the Saskatchewan legislature it has this to say with respect to this matter. The findings and recommendations of the select special committee on farm implement prices and distribution include the following:

Early in 1936, the companies announced an increase of price in farm implements amounting to 4·4 per cent as found by the Ottawa committee. It was this particular increase, announced after a substantial reduction in the tariff from 25 per cent to 12½ per cent, that gave rise to the Ottawa inquiry. Despite a further reduction in the tariff to 7½ per cent and despite the findings of the Ottawa committee that this increase was not justified and that the prices of farm implements had been, over the years 1913-1936, too high, despite, too, a definite finding that there was an excessive mark-up over cost on cream separators and repair parts, and that the prices of these should be particularly and substantially reduced, this committee finds that none of these findings were given effect to, and that, in addition, further price increases occurred in 1937.

As this report states, the dominion government set up in 1937 a special committee to investigate this matter, and despite the fact that they spent thousands of dollars in this investigation and made the findings some of which I have read into the record to-night, they failed to follow up the investigation by taking any concrete action to give effect to those findings. As a matter of fact, the only people who made anything out of those proceedings were the counsel hired by the government, and they were paid a nice fat fee for their services on the various commissions. It was as a result of this that in 1939 a Liberal government set up another committee. They, too, brought in certain recommendations, but —again—the government failed to take any action with respect to them. I am going to read some of the things which the Saskatchewan investigation committee recommended. It states, on page 27 of its report:

This committee is of the opinion that, in the light of the findings in these two reports—

That is, the Ottawa report and the Saskatchewan report.

—and because of the general knowledge of the maintenance of prices at a given level by all companies engaged in the industry, a fair inference can be drawn that a tacit agreement exists between the companies to maintain substantially uniform prices above the level justified by manufacturing and distribution costs plus a reasonable profit.

This committee made a recommendation which, as stated on page 47 of the report, is as follows:

That, as the provisions of the Combines Investigation Act of the dominion appear to

have been violated by the major companies in the industry, consideration should be given to instituting proceedings under the said act.

I ask this government if they have taken any action with regard to this monopoly control of the price of farm implements. Did the Saskatchewan government take any action with regard to it? None whatever. One of the reasons for the defeat of the Saskatchewan government in the last election was that they had taken no concrete action with respect to the findings of this committee. I say further that one of the reasons for the defeat of the present government when they go to the polls this fall will be the fact that they have failed to take any concrete action with regard to the findings of this committee and other committees which have been set up by this government. It reminds me of a story which an old gentleman who was the chairman of one of my recent meetings in the west told me. He said that the present old political parties reminded him very much of a flock of old hens which he kept over one year; he said they did an awful lot of cackling for all the eggs they laid. That has been the position of the present government; they have done a lot of cackling for all the concrete action which they have put into effect to remedy some of these things.

Mr. GARDINER: Do you think the new government will take action?

Mr. WRIGHT: We will wait and see about that. If they are as remiss in their activities as the last government was, they will probably suffer the same fate; but I do not think they will be.

It would therefore appear that, from our experience as farmers in the past, we can have little hope of any material lowering of the cost of implements through the present reduction in the tariff, unless the government is prepared to go further than it has ever done in the past and to see that these reductions are passed on to the consumer. Where we have international companies operating on both sides of the border they are able to flout any change in tariff and to maintain the price structures in both countries at whatever level they see fit. At the present time there is little, if any competition in the farm machine industry. I have here an extract from a speech delivered by Professor A. B. Macdonald speaking at a convention of the Canadian live stock cooperatives, maritimes, in Moncton, in December of last year. He said that monopolistic control had reduced the standard of living of farmers steadily over the past sixty-five years.

Farmers throughout the maritimes, he declared, were compelled to pay the highest prices for needed commodities while receiving only the lowest prices for their produce. In 1905 there were 503 manufacturers of farm machinery in Canada and the United States. In 1927 there were, as a result of mergers, only twenty-five and in 1942 there were only eight, with two of these controlling ninety per cent of Canadian sales.

Mr. GARDINER: Under a socialist government there would be only one.

Mr. WRIGHT: I shall have something further to say about that later on, as to who will control that company. In the report of the committee appointed in the United States in 1935 to investigate the farm machine industry the following appears:

> The effect on prices of this concentration of production is such that, with respect to the most important farm implements, the prices established by the leading manufacturers, especially International Harvester Company and Deere and Company, constitute in so far as the machines are of a closely similar character, the price level which all manufacturers observe.

The Saskatchewan committee in investigating this phase of the matter state:

> This committee has noted the simultaneous increases which have been put into effect by all of the companies, since 1935, and have taken notice of the well known fact that, generally speaking, the price of each comparable implement is fixed at approximately the same amount by each company marketing such an implement.

The Ottawa committee, appointed by this government, state:

> The committee is of the opinion, as a result of the above finding, that there is competition in the matter of securing sales but little or no effective competition in the matter of prices as between companies. . . . The companies state that it is the practice in the industry to exchange price lists and it may well be that this practice enables the companies to quickly gain uniformity in the matter of price levels.

Now you have the opinion of every committee that has been appointed, and I think it is quite evident from these findings that if this government is genuine in its desire to assist the farmers it will have to go much further and take further action than simply the removal of tariffs from farm implements. I would ask the minister if it is the intention of the government to remove the dumping duty on the importation of farm implements and parts? That is to say, if farmers or a cooperative wish to go over to the United States and go bargain hunting for cheaper implements, should they secure such implements will they be allowed to import them without duty, or will the dumping duty be placed on them and the retail price in the United States paid? This is a very important matter if we are to get any benefit from the

reduction in tariff, and I believe it is something which the minister will have to take into consideration.

I am strongly of the opinion that if the government is genuine in its desire to help the farming industry one of the best ways in which it can do so is by assisting the cooperatives in western Canada in entering the farm machine industry. That was the finding of the Saskatchewan committee, and it was one of the recommendations of the Ottawa committee. As indicated in the Saskatchewan report at page 29, the committee—

> . . . recommends the development in this province of a cooperative movement among the farmers to handle and distribute farm implements with a view to substantially reducing the cost. The committee feels that the farmers of this province, individually, and collectively in such cooperative groups, should have every source of supply opened up to them if their efforts to reduce prices are to be successful.

One of the ways in which this government might assist in this matter is by seeing, when the war is over, that government plant and equipment which might be suitable for the manufacturing of farm implements should be turned over to the cooperatives already formed in western Canada for the purpose of manufacturing and distributing implements at reasonable prices, and every assistance should be given them in supplying their needs.

In 1939, as a result of the Saskatchewan investigation, Canadian Cooperative Implements Limited, a cooperative company, was set up with head offices in Regina, to take definite action with respect to the manufacture and distribution of farm implements. It was incorporated under dominion act with an authorized capitalization of $1 million, and a large portion of this capitalization has already been collected in cash from the farmers supporting this cooperative in the west. The cooperative, however, have been unable to obtain the allotment of farm machinery because they were not in operation prior to the setting up of the wartime prices and trade board. They are at the present time affiliated with United States cooperatives and have bought a manufacturing plant in the United States which is now engaged in manufacturing war supplies but which, immediately on the conclusion of the war, will be used for the manufacture of tractors for distribution cooperatively in both the United States and Canada. It is only reasonable to expect that this government should first give to this cooperative a quota of farm implements and repair parts. That is something the government should see to immediately, as soon as implements are available.

[Mr. Wright.]

Mr. GARDINER: That has already been taken care of.

Mr. WRIGHT: Well, they are certainly not able to distribute farm machinery as yet; the only thing they handle is second-hand machinery.

Mr. GARDINER: The correspondence in the matter has got to the point where understandings are being reached.

Mr. WRIGHT: I am glad to hear that and I hope that something definite is done about it. It is over two years since the company was set up.

In the second place the government should see to it that, after the war, plant and equipment are made available to the cooperative for manufacturing any particular line of cooperative farm implements in the dominion that they wish. As shown in these reports, to all intents and purposes a monopoly in this industry exists in Canada and the United States, and this monopoly has flouted the government in the matter of reducing prices when tariffs were reduced. In fact, the Saskatchewan committee, at page 35 of their report, state:

> This committee is of the opinion that, where a reduction in duty does not result in a reduction in price, it is because of a tacit agreement between the leaders in industry that the savings resulting from the tariff reductions will not be reflected in a lower price and the resultant maintenance of the former and unjustified price level. The committee is further of the opinion that, where the effect of such reductions in duty is ignored by the companies concerned, this should be constantly and persistently brought to the attention of the consuming public. If this is done, the committee believes that it will have a salutary effect on the companies and that, as a result, the companies engaged in the industry will be forced to pass the savings on to the consumer.

What a pious hope, that one of these monopolies in the United States will be affected by public opinion in Canada when our own government has not backbone enough to institute proceedings against them under an act which the government itself has drawn up and which it admits that it believes the companies are flouting!

Mr. GARDINER: The act provides that any six people can start action.

Mr. WRIGHT: I must say that this public opinion has never had the desired effect in the past, and I would strongly urge that the government take definite steps at this time to see that the 7½ per cent tariff reduction is passed on to the farmer, together with the ten per cent reduction in the war exchange tax. The only reason given by the companies

for not passing on these benefits to the consumers was that they were losing money on their Canadian companies. This fact, however, was not borne out by evidence submitted both to the committee in Ottawa and to the committee in Regina. The Ottawa committee found that the International Harvester company, Deere and Company, and other companies in a similar position when importing from the United States to serve the Canadian market, retained substantial profits arising out of the Canadian business, and that in examining the Canadian results no consideration was given to this amount retained in the United States being properly attributable to the Canadian business. To illustrate, in the period 1926 to 1935 inclusive, which it will be noted included five quite abnormal depression years, the International Harvester Company showed in its Canadian books a profit of $7,500,000 before payment of income tax. However, it was found that an additional $17,000,000 of profits had been retained in the United States, making the total profits accruing from the Canadian business some $24,000,000. In excuse the company stated that they were of the opinion that unless they invoiced all their goods to the Canadian company at a fair market value as determined by the Department of National Revenue, a dumping duty would be imposed. That is why I say it is very important that this government do something about the dumping duty.

In view of all these investigations and the findings which have been brought down I would strongly urge upon the government the desirability of either establishing a government-owned plant for the manufacture of farm implements in Canada immediately after the war, or giving the necessary assistance to enable the cooperatives of western Canada to establish a plant of their own in order to break this monopoly which, without doubt, exists in the farm implement industry in Canada.

This government has paid a great deal of lip-service to cooperatives. I should like to see it lay a few eggs that would be of some benefit to the cooperative industry. The Canadian federation of agriculture and various other agricultural bodies throughout Canada have been urging the necessity of a cooperative act in Canada. I should like to read from a booklet entitled, "Post-War Reconstruction for Agriculture", issued by the Canadian Federation of Agriculture, in which they say:

> Canada would be well advised to go all-out in encouraging people's cooperatives as a positive feature of reconstruction policy.
>
> A federal cooperative act, to clearly define the principles, the rights and the place of cooperatives in our national economy is needed at once.

While paying this lip-service the government has failed to clarify the position of the cooperatives in Canada with respect to taxation. Therefore I say that two things which should be done immediately are these. The government should give assistance to the cooperatives in western Canada which have been formed for the purpose of manufacturing and distributing machinery, and should bring in at this session a cooperative act which will clarify the position of the cooperatives with regard to taxation in Canada.

On motion of Mr. Macdonald (Brantford City) the debate was adjourned.

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

Wednesday, July 5, 1944

The house met at three o'clock.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, July 4, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the proposed amendment thereto of Mr. Rowe.

Mr. W. ROSS MACDONALD (Brantford City): Mr. Speaker, may I at the outset congratulate the Minister of Finance (Mr. Ilsley) upon the conciseness and clarity of his budget address. May I also pay a tribute to him for the manner in which he has directed our country's financial policy. It must indeed be a source of great satisfaction to him to know that other nations have adopted these policies which have prevented a vicious spiral of rising prices, otherwise known as inflation. In past wars this has not always been possible. I would remind the house that during the last great war prices rose sharply. Perhaps I could give a few instances. In 1919 flour sold at $7 a bag; to-day it sells for $3.10. Sugar reached 25 cents a pound in 1919; to-day it is only 8 or 9 cents a pound. Butter sold for 80 cents a pound; to-day you can buy it for 38 cents. Eggs cost $1 a dozen; to-day you can buy them in any store for 43 cents a dozen.

Canadians should indeed be proud. Not only have other countries adopted our fiscal

policies and our plans for the rehabilitation of our armed forces; they have marvelled at the great industry of our industrial workers and our farmers who have produced such prodigious quantities of war equipment and food. Over and above all this is the crowning glory which comes to us through the gallant deeds of our soldiers, sailors and airmen. The Right Hon. Peter Fraser, speaking in this house on Friday last, paid great tribute to Canada when he said:

> The fact that 800,000 men and women have been enrolled in the forces, and the further fact that 2,000,000 persons are taking part in the industrial war effort of this country, are sufficiently eloquent and convincing testimony as to the whole-hearted way in which Canada has thrown itself, without reserve, into what it knew was a struggle for the existence of all that is decent in the life of mankind.

Canada and her allies among the united nations are by nature peace loving people. We were not prepared for war in 1939, and it has taken us four years to attain maximum production. To-day we are geared to a high tempo in war production. It is only natural therefore that there should be few changes in the budget.

The hon. member for Dufferin-Simcoe (Mr. Rowe), whom I should like to congratulate upon being recently elevated to the important post of financial critic of His Majesty's Loyal Opposition—had very little to say of a critical nature with respect to the budget. In one sentence he objected to the abolition of compulsory savings on the ground that it would result in lowered financial returns to the government and might start an inflationary trend. Then, in the very next sentence, on behalf of his party he proposed even greater reductions. If a small reduction would cause an inflationary trend, surely a greater reduction would cause a greater inflationary trend. I have never heard anything more inconsistent and more insincere—and this, I may say, from a party that prides itself on total war.

Mr. GRAYDON: I rise to a point of order. I think I heard the hon. member say that the statement of the member for Dufferin-Simcoe was insincere. If he did say that I ask him to withdraw it. I know he would not intend such a reflection.

Mr. MACDONALD (Brantford City): If I said "insincere" I withdraw it, but I did not intend to say it. I believe I used the word "inconsistent".

Let us consider income taxation as it affects those in the lower income brackets. We all feel that we are heavily taxed, but we should not forget that under the proposed budget an unmarried person earning less than $1,100 per year and a married person earning less than $1,600 per year are the lowest taxed persons in the whole civilized world. The proposed changes will affect thousands of girls who are working in factories and as stenographers and clerks in the smaller cities and towns. They will now have deducted just one-half of what was deducted in the past.

A married person with two children making up to $2,000 a year, and a married person without children making up to $1,800 a year, will have only half the deduction that was formerly made. Taxpayers who have not taken allowances for insurance will also find their cheques considerably increased. By the amendment the opposition would abolish certain income taxes, but if you will notice the wording of the amendment you will see that nothing is said as to whether they would abolish compulsory savings.

If the taxpayers are to continue to pay compulsory savings, the amount of reduction in the lower income brackets would be no greater than under the proposed changes in the budget. As I have pointed out, these people are now paying the lowest tax in the world. A single person in Canada earning $800 a year pays less than 87 cents a week, and a married person with two children earning $1,600 pays 51 cents a week. With Canada's income tax for the wage-earner the lowest in the world, does anyone think that a further reduction would raise our prestige with the united nations which may be having greater difficulty in financing than we are? What do you think the boys overseas would say now that the hour of conflict has come for them, now that the hour of battle has arrived when many of them must pay with their lives, if they heard that the people in Canada, who are paying the lowest income tax in the world, were to cease paying taxes altogether? I was impressed by an article in the Brantford *Expositor*, written by Hal Boyle, Associated Press war columnist, who stated:

> The boys overseas have an idea that the people at home still think of the war as a ball game—and that they are enjoying the seventh inning stretch.
>
> It does look like if all the energy being used in fighting the battle of the income tax could be expended on the battle of the Anzio beachhead, Rome would fall in short order.

If I know Canadians, Mr. Speaker, they would resent any further reductions in income tax at the present time. I am confident that they will cheerfully pay the present taxes, which are the lowest amongst the united nations, and are practically nothing when compared with what the boys overseas are paying.

The financial critic of the opposition did not confine himself to finance, but had to advise on military affairs also. He complained about the use or non-use which was being made of our so-called home army. At the outset of his remarks I expected a bold forthright statement of policy on this question, but in that wavering, vacillating, typically Tory fashion he talked all around the subject and said nothing definite. But after all, how can anyone expect anything definite from him, when he gets different leads from different leaders and no lead at all from one leader? Charles McTague said that the home defence army should all go overseas immediately, while John Bracken, according to a certain section of the press, mumbled a nervous approval, which he has never since confirmed; and during all this time the house leader of the one-time mighty Tory party sits in this house in an uncomfortable silence. I have read and reread the amendment, and the only conclusion that anyone can come to is that the Conservative party would disband the home defence army and send them back to civilian life to pick off all the good civilian jobs before the boys return from overseas, and that is one thing that I will oppose with all my strength. As long as there are good civilian jobs let us retain as many of them as we can for the boys to get when they come home. That is the very least we can do.

I may be asked what I would do with the home army. I would hold them in reserve for reinforcements. They are highly trained and they are an efficient body of men. If our soldiers who recently stormed the shores of Normandy and have now started on their long and arduous trek to Berlin must have reinforcements, these men should and will be sent. Some say that reinforcements will never be needed. I hope they are right, but do not be too sure about it. This war is not yet won. Germany is still a resourceful and a formidable foe. The end may come soon, but we must not take too much for granted.

Suppose it does cost $150,000,000 a year to maintain the home defence force. Is it not far better to spend that large sum of money and win the day than to disband this force and lose everything? Let us not forget that for four years we spent many times $150,000,000 a year to prepare our soldiers to fight in Sicily, in Italy and in France, and if the day comes when the men of the home army should be sent overseas, no one will begrude the cost of their training. If we take the advice of the official opposition in this house and disband this force, and should there not be reinforcements when they are needed, then Canadians for generations to come will hang their heads in shame. No, Mr. Speaker, this force must not be disbanded. It must be held in reserve to fill the gaps when reinforcements are called for.

While I am referring to the armed forces there are two questions I should like to mention which I trust are not entirely irrelevant to the budget. The first one is with respect to the allowance paid to mothers of men who are serving overseas. At the present time as the house is aware, a dependent mother receives $25 per month, together with $20 assigned pay from her son. She is also allowed to earn $40 from work which she might do. But imagine, Mr. Speaker, an invalid mother trying to live on the magnificent sum of $45 a month. On the other hand, a wife receives $35 a month, together with cost of living bonus, together with a minimum assignment of pay of $23 a month, and an allowance for each child. Personally I could never see why mothers are discriminated against. I understand it is stated that there is a different legal responsibility. I took the time to look over the statutes of the various provinces, and I find that in six of the provinces, Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, there are statutes which require a son to support his parents. Section 166 of the Quebec civil code has this wording:

> Children are bound to maintain their father, mother or other ascendants who are in want.

In the other provinces I have mentioned the acts are known as the Parents' Maintenance Act, and these statutes state that a son or daughter shall be liable for his or her dependent parents.

I would also draw the attention of the house to section 242 of the criminal code, which makes a man criminally liable if through neglect a parent's health is or is likely to be permanently impaired. So that there is little if any difference legally between the obligation on the part of a son to maintain his mother and the obligation of a husband to maintain his wife. Accordingly I trust that the allowances to mothers and wives will be equalized.

The other matter to which I would refer is the clothing allowance which is given to a soldier when he is discharged. At the present time he is given $65 for that purpose. I am bound to say that I do not think he can clothe himself properly on that amount. How the amount was arrived at I do not know. Recently I visited a number of stores and obtained the prices of clothing. Here are the average prices: Hat, $5.00; cap, $1.75; two shirts, $4.00; B.V.D's, $3.00; socks, $2.25; shoes, $8.00; suit, $35.00; extra working trousers, $7.00 and overcoat, $35.00, amounting in all to $101.00. I have not included a spring

overcoat, overalls, handkerchiefs, et cetera. From these figures I think the house will realize that a man cannot possibly clothe himself on $65. He may possibly get by in the summer, but in the winter, when he has to have an overcoat and other clothing, he cannot buy them unless he receives from $100 to $125. Again I would ask the government to consider raising the clothing allowance, before the snow flies, in any event.

Now, Mr. Speaker, may I revert once again to the budget? There is but one tariff change, and by that change farm implements are placed on the free list. I am somewhat disappointed that not one member of this house who has taken part in this debate so far has concerned himself with the effect that this reduction may have on the workers in these implement factories. Every speaker has either approved the change or has remained silent. I therefore must take it that all parties agree on this tariff change.

Some hon. MEMBERS: Hear, hear.

Mr. MACDONALD (Brantford City): Therefore it remains for me alone to plead within this chamber that some consideration be given to the men who toil in these plants. One of the foremost policies of the Liberal party is consideration for the men who work in factories, and as long as I have breath in my lungs I shall fight in the interests of these working men.

The tariff has always been a lively controversial issue. The Liberal party, true to its pledge, year in and year out when it has been in power has consistently reduced the tariff.

Mr. GRAYDON: It said it would.

Mr. MACDONALD (Brantford City): I repeat that it has consistently year in and year out, when in power, reduced the tariff.

Mr. GRAYDON: I said, it said it would.

Mr. MACDONALD (Brantford City): In fact the Liberal party in its reduction of tariffs has stood against the forces of the world, and its policy has been vindicated by events; the tariff policy of the Prime Minister of this county (Mr. Mackenzie King) is now that of the leaders of the united nations. Every statesman of the united nations has pledged himself to remove tariff barriers. I am in complete accord with that aim. It is not the reduction in the tariff of which I complain but rather the manner or the method by which it was done. The united nations have virtually agreed to reduce tariffs by a multilateral agreement. The farm implement tariff was taken off through no agreement whatsoever with any country; it is the only tariff item affected; and it is for that reason I protest. There is discrimination. It is said that this will not affect industry. It may not affect the industry at the present time, but what about the future? Who can tell what the effect will be when there is no shortage of supplies and when all farm implement companies can get all the material that is necessary to turn out these implements?

With the consent of all hon. members there is no doubt that this tariff change will be put into effect. All I can do is to plead with hon. members to see what effect this tariff change will have on the working men in these factories. I ask their sympathetic consideration for these men.

Mr. CRUICKSHANK: Get them to move west.

Mr. MACDONALD (Brantford City): I am rather concerned that my hon. friend from British Columbia has no more consideration for these workers.

Mr. CRUICKSHANK: What about the farmers?

Mr. MACDONALD (Brantford City): He above all others should have consideration for these workers, many of whom served in the last war, as he did,—

Mr. CRUICKSHANK: Did not the farmers serve too?

Mr. MACDONALD (Brantford City): —and many of whom are working long hours in this war. It is not a question of setting the worker against the farmer, as some people would do; we must consider Canada as a whole. Nobody wants to injure the farmer.

Mr. SPEAKER: The hon. gentleman who is speaking must not be interrupted.

Mr. MACDONALD (Brantford City): I was saying, Mr. Speaker, that I would not now delay the house further on this question, but when the resolution is before the house I shall have something to say as to the effect of this reduction both on the farmers and on the workers.

Mr. CASSELMAN: Make your motion.

Mr. SPEAKER: Order. I must again call the attention of hon. members on all sides of the house to the fact that the hon. member who has the floor must not be interrupted.

Mr. MACDONALD (Brantford City): I much appreciate your remarks, Mr. Speaker, but I may mention that I do not mind a few interruptions.

As I said before, as far as the removal of the tariff on farm implements is concerned, I have waited all these days for someone to get up and say something on behalf of the workmen in that industry.

I should now like to address myself for a short time to something which I trust is not too far in the future; I refer to the days of reconstruction which will follow the war. The government is now making plans to see that returning warriors and people in the munitions factories are given employment when the war is over. We must never forget that our soldiers, our sailors and our airmen offered their lives to keep Canada free. They made it possible for us to follow our Canadian way of life, and I trust that we shall make it possible for them to have employment when they return to their homes. I trust also that no member of the armed forces will be discharged against his will from the forces until he has a job to which he can go. The men and women in the munitions factories must also be provided for; work will have to be found for them too.

The hon. member for Rosetown-Biggar (Mr. Coldwell) has suggested that five billion dollars be set aside for this purpose over the two-year period immediately following the cessation of hostilities. With the principle of that suggestion I am not at variance; I would however suggest that no limit should be mentioned; whatever amount is necessary to find work for our people should be found. Our government is pledged to that policy. The Prime Minister, speaking last year before the American Federation of Labour, stated that that was the objective which he held most important. The words he used were, "useful employment for all who are willing to work." In other words the government must be responsible for seeing that jobs are provided for all willing workers. No limit, not even five billion dollars in the two year period, should be placed on the amount required for that purpose. Whatever funds are necessary, private funds as well as public funds, must be utilized for that purpose, and whatever jobs are not provided by private industry must be provided by public enterprise.

I would, however, emphasize that large quantities of money will not alone solve our problems of the future. Other nations have obtained large quantities of money by printing press methods, and in every instance it has resulted in national financial disaster, invariably causing great suffering to every man, woman and child in the country concerned. Nevertheless the supply of money can be increased within certain limits. Just what those limits should be no one at the moment can say. We do know, however, that beyond that limit lies national disaster. Our national financing in the years immediately following the war must be directed by men who are bold enough to go forward and cautious enough to avoid the pitfalls that have invariably brought about financial disaster. The necessity of supplying war materials has taught us much about financing our domestic needs. These lessons we must carry into the peace. The governor of the Bank of Canada and the deputy minister of Finance and their associates have made bold financial strides during the last few years, and I am confident that they will go forward with equal boldness in the years to come. The Minister of Finance has stated publicly that we have learned very much and gone a long way in our development in Canada during the past four years. I join with him in stating that when the war is over we shall turn our financial capacity to the improvement of the Canadian standard of living. Here are his words:

> During the war our economic controls and our financial and productive efforts have had to be directed to the destruction of the enemy. We have had to restrict our general standard of living, while protecting that of those near the minimum, in order that we could attain the highest possible standard of fighting. When the war is over, however, we must and will, I believe, turn our economic management, our newly found productive power and our financial capacity to the improvement of the Canadian standard of living. It is then that we shall reap the fruits of the peace we have secured and of the experience which we have gained.

Without doubt the years that are before us will be years of great stress and strain. We need at the helm of all branches of government men of tolerance and experience. The peace conference will not only settle the terms which we shall impose upon our adversaries but will also plan for the future of mankind. There is one statesman in Canada who has far greater knowledge of the intricacies of international law than any other man in this country, and to my mind as great a knowledge as anyone in the world. Recently our Prime Minister (Mr. Mackenzie King) visited Great Britain and attended the imperial conference, and I believe that members of all parties in this house will join with me when I say that he brought great credit to himself and also to the country of his birth. He alone has an intimate acquaintanceship with the President of the United States and with the Prime Minister of Great Britain. Canada must send her most outstanding statesman to the peace conference, and if the people of Canada will sit down quietly and consider the qualifications and experience of all Canadians, they must come to the conclusion that Canada's representative at the peace conference must be our present Prime Minister.

Mr. H. C. GREEN (Vancouver South): Before I discuss the budget and the amendment thereto, I wish to say a few words

of encouragement to the Minister of Finance (Mr. Ilsley). For many years now he has been carrying a great burden, certainly one of the heaviest burdens carried by any man in public life in Canada. At times his work must become very discouraging, and yet I think he should know that from one coast of Canada to the other people admire him for his devotion to duty and for his great sincerity. Personally, while I cannot always agree with the stand he takes—in fact sometimes I think he is rather foolish—I must say I greatly value our personal friendship.

In introducing his budget the other day the minister set out that in framing it he had kept in mind four basic considerations. They will be found at page 4174 of *Hansard*, and are these: The first consideration was the huge cash requirements that must be raised by the Canadian people during the present fiscal year. They amount to in excess of $6 billion, which is nearly $16½ million for every day of the year. He stated that about $2,800 million of that amount would be raised by taxation of one kind or another, and that the balance of over $3,200 million would have to be borrowed from the Canadian people. That of course is a prime consideration. The second consideration he listed was the urgent need for greater production. He described that in the following words:

> The second consideration is the urgent need to achieve and maintain the highest possible production of goods and services of which our available working force and management is capable. The urgency of production is very great, and it is immediate. This is not a matter of building up a great organization from which output will flow in one or two years time. The need is for maximum production now—from our present capacity and working force. It cannot be met except by maximum production per person.

The third consideration was the desirability of relieving certain hardships and anomalies in our taxation structure, and the fourth and final basic consideration was given by the minister as the need to prepare for the post-war period. This he expressed as follows:

> Finally we have felt it necessary to keep in mind that we are nearer the end of the European phase of the war than we were.

He went on, quite properly I thought, to explain that the war was not yet won, that we were really just getting into the toughest part of the fighting, and then he said:

> Nevertheless it is no more than prudent to give sober consideration to some of the problems which will arise when we are able to release some portion of our productive capacity for the purposes of peace.

I thought he might have added a fifth basic consideration, and in the course of his speech he really did place great emphasis upon it; it was that great reliance is to be placed during the present fiscal year on voluntary support. He mentioned the national war finance committee and praised their work and the support given by the Canadian people, and again I thought he was quite right in doing so. The way the Canadian people have responded to the calls for money has been inspiring. It shows what can be done by Canadians if they direct their energies to the reaching of an objective and work as one united group of people. I really think we could have here what Eric Johnston, the brilliant young president of the United States chamber of commerce has called "America Unlimited". We could have here "Canada Unlimited". We can build this nation into one of the greatest nations of the world. The way in which the Canadian people have responded to the call for funds shows what wonderful things can be accomplished.

After going carefully over the budget speech I came to the conclusion that it was much the same type of speech that might have been delivered toward the end of the first great war, perhaps in the year 1918. It is true that the budget reflects the attitude of the ministry, but I am convinced that it does not reflect the attitude of the Canadian people, that it does not meet present-day conditions, and that it is not in line with present-day thoughts. Throughout, the speech and the budget overlook the attitude of the ordinary man and woman in Canada, of Mr. and Mrs. Jack Canuck and their family. They are the vast majority of our people; they are Canada. They are the ones who, with a son and perhaps also a daughter in the forces, are doing the war work; they are primarily responsible for the war effort of Canada. These ordinary men and women of Canada are the ones who are buying most of the bonds and obeying the laws and regulations no matter how foolish they think them to be. They are the ones who are getting the telegrams containing messages of death or the information that a loved one is missing.

Mr. and Mrs. Jack Canuck and their family are intelligent, thoughtful, idealistic, courageous, and freedom-loving. They have been doing a lot of thinking in the last few years. They have been through difficult, almost impossible times; they have been through two wars. Every one of them is uneasy at the present time because of the many restrictions on his or her freedom, and is wondering about the post-war years. They are all determined that there must be work for everyone who is willing to work; that there must be reasonable

security for all Canadian people. They are not only asking that preparations be made for the post-war period but looking for some sign of this fine new world which has been promised to them by so many public men and which they have the right to expect. They are greatly concerned, and I think that most thoughtful members of the house will agree with me—I know that all hon. members are thoughtful—that they are filled with a sense of frustration. Whether this government is to blame for that or not, the fact remains that by and large the Canadian people are filled with a sense of frustration.

Obviously this budget was not drawn with them in mind. It shows no realization of their attitude; it shows no plan to help them to become established in the post-war world and to keep on their feet. There is very little indication that the ministry had that in mind in drawing up this budget. Therefore I make bold to suggest to the Minister of Finance that he give careful consideration to each paragraph of the amendment moved by the hon. member for Dufferin-Simcoe (Mr. Rowe) on behalf of the Progressive Conservative party, and to any other suggestions that come out in the course of the debate on the budget or on the budget resolutions. I believe that the amendment moved on behalf of my party more nearly meets present-day conditions than the budget. It is more nearly in line with the thoughts of the ordinary men and women of Canada. I cannot deal to-day with all of the paragraphs of the amendment, but I propose to deal with some of them.

In effect, the first one advocates that adequate steps be taken to simplify the forms and modernize the methods of taxation. At the present time our income tax system is a wonder to behold. Like Topsy in that famous old book, "Uncle Tom's Cabin," it "jest growed," and during the war years it has grown faster and in many more directions than it did in years of peace. The position now is such that many people find it extremely difficult to make out income tax returns accurately The good citizen is worried about that. He wants to do what is fair by the country; he wants to do his duty, but he finds it almost impossible to make out those new tax returns. The result is that many people have to engage someone to help them, perhaps a lawyer, a notary public or an accountant. People all over Canada are worried about these income tax forms. I realize that some attempt has been made to simplify them, but I suggest to the minister that they must be simplified a great deal more. The Income War Tax Act should be gone over with a fine-tooth comb and simplified so that the ordinary citizen can make some sense out of it. I find that many of the income tax officers themselves have great difficulty in understanding the provisions of the act; a simplification would be of benefit to them as well as to the ordinary taxpayer.

Then, as to the methods of taxation. Here there is great danger of bureaucracy running wild; perhaps there is the greatest danger of all to the freedom of the Canadian people in just such things as the methods by which they are taxed. The great majority of our people are honest, even about income taxes; yet some officers—I do not say all the officers, but too many of them in the departments that collect our revenues, treat the people as suspect. A person is treated as a criminal until he proves himself innocent. It is not a case of the customer being right, but of always being wrong. Some assessors are apt to forget that they are the servants of the Canadian people and not their masters. The great weakness is that at the present time there is no effective check on those government officers; there is no effective control over them; hence it is quite possible for bureaucracy to run wild. I have here a letter from a responsible business man in Vancouver carrying on his own business, not in a large way. He complains about the manner in which small firms have been dealt with. He says:

> Hundreds—

I will not endorse that. I shall use the word "many" just to be on the safe side.

> Many have left the office—

That is the income tax office.

> —bullied and insulted, and burning with resentment, with a full knowledge that they were being imposed upon and "gypped". And yet, after a short time, they paid the assessments so that they could get the worry off their minds and get on with their business, knowing well the difficulties and costs of appeal.

Mr. ILSLEY: This is in the Vancouver office, is it?

Mr. GREEN: This is in reference to the Vancouver office. The minister may reply that there is provision already for appeals against assessments. It is true there is an appeal, first of all to the Minister of National Revenue, which in effect means to the senior officers of that department, and then the taxpayer may appeal to the exchequer court. But he has to put up $400 as security for costs; he has to incur the expense of engaging a solicitor; he is let in for all kinds of expenditures, with the result that for Jack Canuck, the ordinary Canadian, there is no appeal. He just decides that it is cheaper not to fight, that he might as well pay, and for the rest of his life or at

least for a very long time he will harbour resentment against the government and against our whole system. This makes it so much harder for him to be a cheerful, willing citizen. I suggest, therefore, to the government that there should be some cheap and summary appeal in cases which do not involve large amounts of money. Perhaps some arrangement might be made for an appeal to the local county court judge. All these county court judges are very highly respected in their districts; they understand conditions, and I believe could very well handle appeals from income tax assessments. You see, Mr. Speaker, the war has caused hundreds of thousands of people to pay income tax for the first time. They have come in contact with the income tax officers, and probably will remain in contact with them for many years to come, during which time the income tax probably will be very heavy and will affect a very large number of the citizens of this country. I cannot stress too strongly the importance of having the Canadian people feel that in these income tax matters they are being treated fairly and that their rights are being preserved.

I propose also to say a few words about the second paragraph of the amendment, which advocates effective action to grant a measure of relief to the men and women in the lower income tax brackets by raising the exemption for single persons to not less than $800 per annum and for married persons to not less than $1,600 per annum. If the exemptions were increased it would help Mr. and Mrs. Jack Canuck, the ordinary men and women of Canada, prepare for the post-war period. The budget makes provision for helping business prepare for that period. The minister dealt with the matter at page 4174 of *Hansard*, where he said:

> I am concerned only with clearing away some of the uncertainties of fiscal policy—opening the way for business firms, both large and small, to proceed on as definite as possible a basis with the drawing up of plans for the post-war conversion and expansion of industry and trade on which employment after the war will depend.

I have no quarrel with that, though I think the provisions mentioned by the minister will work mainly to the advantage of large businesses as distinguished from small businesses. It is quite clear that the government is relying upon the individual initiative of business men to provide employment in Canada after the war, rather than upon stateism which of course means the government running everything. I entirely agree with that policy; I think it is right, but I suggest the government should also rely upon and encourage the initiative of Mr. and Mrs. Jack Canuck. The initiative of the individual Canadian is of tremendous value to this country. Sometimes it is very easy to overlook that fact, but actually Canada was built by the initiative of her people. Canadian troops made their name, both in the last war and in this war, primarily because they displayed as much initiative as any other troops, if not more, and I believe that encouraging the initiative of individual Canadians will result in most of our people being put to work when the war is over; that initiative must not be smothered, as it would be by stateism. At the same time, mind you, it is certainly the duty of any government to prevent unfairness and strictly control monopolies.

There is one way we can help the Canadian people prepare for the post-war period; that is, by increasing these income tax exemptions. Take the men who are being discharged and who will be discharged from the armed forces. Already they number almost 150,000, and more are being discharged at the rate of three or four thousand a month. These men come back and begin to reestablish themselves; at once they are faced with this very heavy income tax, which makes it just that much more difficult for them ever to get a start. Then there is the wage-earner who went through the depression days and has never had a real chance to get back on his feet. There are thousands of office workers, both men and women. There are thousands of small business men; thousands of low salaried men and women; thousands of people working on their own, such as salesmen on commission, taxi proprietors, men doing odd jobs and engaged in many other occupations. By and large these people are the backbone of Canada, and getting them started in the post-war period, encouraging their initiative, is of vital importance to the country. It is not a wise plan to bleed them now, just as we are about to enter the post-war years. Yet in this budget there is no attempt to increase exemptions. The minister has gone the other way; he has wiped out compulsory savings. Personally I think it would have been wiser to increase the exemptions, retain the compulsory saving, and to extend the contractual payments allowed as offsets such as premiums on life insurance policies, and principal payments on a mortgage. Those allowances might well have been extended. Perhaps they might have included the payment of other debts, so that many of our Canadian citizens for once in their lives could get out of debt. Consideration might have been given also to providing some offset in connection with the construction of new homes, and so on. If the income tax exemptions had been increased and the compulsory savings retained there would have been very little loss to the treasury during the

war period. I grant that it would have meant repaying compulsory savings after the war, but during these critical times it would have given people a better chance to accumulate something with which to reestablish themselves in the post war years.

The third paragraph of the amendment, to which I wish to refer, is as follows:

(c) This house regrets that no provision has been made to encourage greater war-time production by exempting overtime pay from income tax.

I ask hon. members to remember the second basic consideration of the minister in framing the budget. That was the urgent need for greater production. We must keep in mind the fact that the average Canadian man and woman has been working under great pressure during all the war years. Many Canadians have been doing extra jobs. Men are taking training at nights in the reserve army or are doing A.R.P. work. Many are doing part-time work in the evening after spending all day at their regular jobs. Women are working for the Red Cross and are carrying on innumerable other activities. Our people have been working very hard, and all the time they have been under the constant worry which comes with any war. Our people are weary, and I suggest that when they work overtime the pay they receive should be exempted from taxation. I believe that would help greatly in increasing production until the end of the war.

Mr. ILSLEY: It is impractical and inequitable, as I will show.

Mr. GREEN: Nevertheless I make my submission believing that it is well worth consideration.

Mr. GRAYDON: There might be even a better opinion than that of the minister.

Mr. ILSLEY: I will give my reason, but nobody else has given his.

Mr. GREEN: I do not propose to deal at the present time with paragraphs 4 and 5 of the amendment. One concerns agriculture and the other has to do with our vitally important mining industry; but there will be opportunity to discuss these matters when the budget resolutions are under consideration.

The sixth paragraph reads:

This house regrets that the government has failed to make effective the full mobilization of our financial, industrial and material resources, as well as our man-power, but is maintaining a so-called home-defence army, at a cost to the taxpayer in excess of $150,000,000 per annum, at a time when the need for men for army reinforcements, for farming and for industry is so urgent.

I would like to carry the thoughts of hon. members back to June, 1940. I am sure that those who were here at that time, and most hon. members were, will remember those terrible dark days. I well remember blue Monday, June 10, when we were informed of the death of the late Norman Rogers, that great friend to all members in the house, who had been killed in such a tragic way. That was the day that Italy struck at France, and our whole civilized world seemed to be falling down about our ears. At that time the house properly passed what was known as the National Resources Mobilization Act, which in effect gave the government of Canada the power to utilize all the resources of the country, both human and material, in whatever way they were needed for the successful prosecution of the war. There was only one exception, that the men called up under the act could not be sent beyond Canada and the territorial waters thereof.

In 1942, almost two years later, we went through another tragic period. This was after Japan had struck and the world again looked very dark. At that time the house passed an act known as the Dominion Plebiscite Act, which provided that a plebiscite should be taken on this question:

Are you in favour of releasing the government from any obligation arising out of any past commitments restricting the methods of raising men for military service?

A very active campaign followed throughout the country in which members from all sides of the house took part. Advertisements appeared in all papers. I have one here, the main words of which are, "Free Canada for all-out war—vote 'yes.'" Mr. and Mrs. Jack Canuck and their family answered "yes" in no uncertain terms. A majority of over sixty-four per cent of the Canadians who voted, voted "yes." An overwhelming majority voted "yes" in eight of the nine provinces. In three provinces, Prince Edward Island, Ontario and my home province of British Columbia, and in the armed services, the "yes" vote was over eighty per cent, and Nova Scotia and Manitoba were only about one per cent behind that figure.

After that vote the government eventually brought in an amendment to the National Resources Mobilization Act which removed the restriction to which I have just referred, but during the debate on the bill the Prime Minister announced that he would not actually send men called up under the National Resources Mobilization Act overseas without first passing an order in council to that effect and then coming to the house for a vote of confidence. In effect, although the act was changed, the policy remained the same, and that policy continues to this very

day. The whole plebiscite was nothing more or less than a sham, nothing more or less than a fraud on the Canadian people.

What followed was that in some cases the men called up under the National Resources Mobilization Act were persuaded to go active, to enlist for service overseas. That persuasion has consisted sometimes of coaxing, at other times of bluffing, and I am afraid sometimes of bullying. As hon. members know, three divisions were raised for home defence in Canada, the sixth, seventh and eighth. In due course two of those divisions were disbanded and what units remain have for a long time been made up almost entirely of home defence troops, being men who had been called up under the National Resources Mobilization Act. Last year some of those troops were sent as a task force to Kiska and took part in the landing there, Kiska being considered by the government as part of the north American continent. They worked beside United States troops, but when the show was over the Canadian troops were brought back to Canada while the United States troops went on to fight the Japanese in other parts of the Pacific.

This spring the position was that Canada had at home between 60,000 and 70,000 in a home defence army, of whom about 50,000 were in a physical category that would permit them to be sent for service overseas. Most of these were men fully trained in the use of arms, and some of them had been seasoned by taking part in the expedition to Kiska. Right along the government apparently has been afraid to pass the order in council which is necessary in order to permit them to be sent overseas.

A few months ago a campaign was put on by the Pacific command to persuade the home defence troops in that command to go active. I have here the press clippings of that time which show just what was done. The campaign was under the direction of Major General Pearkes, V.C., one of the outstanding soldiers of Canada, and certainly must have been undertaken with the approval and consent of the Department of National Defence. General Pearkes in his first appeal used these words in speaking to his men:

> I regret that we were not allowed to chase the Jap right into his homeland—

Referring to the men who had been to Kiska.

> —that time. But that was out of my hands.
>
> I am very proud to tell you that the experience you gained at Kiska makes you invaluable as invasion forces.
>
> The need is urgent. Play the man's part—the part of young Canada.

[Mr. Green.]

We ought to be well on the road to victory this year but it will require the assistance and the cooperation of every single one of us.

Then he made this statement to the press:

> I tried principally to appeal to their pride in Canada and to the fact that the outcome of the second front might rest upon the number of home defence men who are ready to back up the troops already overseas.

Brigadier Macklin, who was in command of the camp where many of these men were stationed at the time, used these words:

> The response to appeals to men to go active has not been satisfactory.

A few days later General Pearkes said this:

> No man should wear that khaki uniform unless he is willing to wear it anywhere.

That is what our commander on the Pacific coast thinks of the government's man-power policy. What do the home defence troops themselves have to say? These same dispatches give their attitude. I quote from the Vancouver *Sun* of April 21:

> The men themselves place the blame squarely on the shoulders of the government.
>
> "Why" a number of them asked, "do we have to make the decision? We joined up on being told that we were to receive four months training. That was two years ago. We went to Kiska ready to fight. The fault is not ours. The blame lies on the government policy."

Several weeks later we find this further report:

> The main stand taken by non-volunteering home defence troops for failure to go active was that they were quite willing to go under nation-wide conscription, but that they did not see why they should volunteer.

There have been reports submitted by General Pearkes and Brigadier Macklin, and I suggest that the contents of these reports would be very interesting to the house and to the nation if they were made public. I asked the other day for the filing of the reports on recruiting, but the Minister of National Defence (Mr. Ralston) said that they could not be produced. I think that they would be very helpful in enabling us to find out just what should be done about this question of man-power.

The campaign is still being carried on, and there is no doubt that there either is or will be great need of men overseas. General McNaughton used these words on June 6, on D-day, just about a month ago. He said:

> The call for men for the armed forces is now immediate and insistent.

Brigadier Mess, in charge of recruiting in Canada, on the following day, June 7, is reported as follows:

> Speaking of the "vital and urgent need" for "more and more" fighting men to reinforce

Canada's invasion army. Brigadier James Mess, deputy adjutant-general in charge of recruiting, to-night criticized several classes of young men who he said were waiting "God knows what for".

I am convinced of two things: first, that our fighting units must be supported at whatever cost; second, that trained and seasoned troops, such as most of these men now in the home defence army are, should be the first sent to reinforce our troops overseas regardless of whether these trained troops are home defence men or volunteers. It just is not good enough to send over half-trained youngsters simply because they have enough public spirit to volunteer. I say that the government's policy is risking a shortage of reinforcements, that it is making all the talk of equality of sacrifice, which was heard on every side when the war broke out, just a mockery in this land. It is creating bad feeling and bitterness between Canadian and Canadian that will last for generations. This man-power policy of the government is not frank, it is not courageous, but it is political. It is an attempt on the part of the government to keep itself in power. It is a policy which effectively prevents any full mobilization of financial, industrial or material resources and of man-power for industry and for the farm. I think it can be fairly described as a disgrace to Canada.

A government that will continue such a policy at this critical time in the nation's history certainly is not fit to lead the Canadian people in the difficult years they are about to face. Mr. and Mrs. Jack Canuck deserve and will demand—and they will get—a government that will give them bold leadership.

Hon. L. S. ST. LAURENT (Minister of Justice): Mr. Speaker, with a number of arguments which are being used in support of this amendment to the motion of the Minister of Finance (Mr. Ilsley) that Your Honour do now leave the chair for the house to go into committee of ways and means I find myself in disagreement, but with respect to most of them I am content to leave the expression of my disagreement to the vote which it will be my privilege to record when the amendment is put to the house.

There is, however, one argument which appears to me to be particularly objectionable and about which I wish to make a few observations. This is what was said by the hon. member for York-Sunbury (Mr. Hanson) on Monday, as reported at page 4435 of *Hansard*:

I venture to assert, Mr. Speaker, that there are many hon. members sitting in this house who are in favour of the proposals enunciated in the amendment sponsored by the hon. member for Dufferin-Simcoe (Mr. Rowe) and who would, if left free, vote for them. That privilege is denied them and they will perforce be obliged to vote against their convictions and the known views of their constituents. Take the position of hon. members representing industrial ridings. Dare they vote against this amendment? I put it to them to-day. Well, they are on the horns of a dilemma. They must choose here and now. Vote against the amendment and face destruction at the polls, or vote according to the dictates of reason. I challenge hon. members from industrial ridings to vote against this amendment.

I vigorously disagree with the implications of that challenge, both on principle and in respect of the facts which it assumes. I represent an industrial riding, and I am going to vote against the amendment. When the time comes around for an election I intend to go before the constituents of that riding, if those who supported me in February of 1942 will do me the honour of again selecting me as their candidate, and I do not expect to face destruction. I disagree with the challenge on principle because it appears to me to be destructive of the very basis of British parliamentary institutions. That basic principle was over a century and a half ago stated in eloquent language by Edmund Burke. It has more than once been put upon the records of this house, but I venture to quote it again because I think the lesson should be always present in the minds of hon. gentlemen who sit in this house. I quote:

Certainly, gentlemen, it ought to be the happiness and glory of a representative to live in the strictest union, the closest correspondence and the most unreserved communication with his constituents. Their wishes ought to have great weight with him; their opinion high respect; their business unremitted attention. It is his duty to sacrifice his repose, his pleasures, his satisfactions, to theirs; and above all, ever, and in all cases, to prefer their interest to his own. But, his unbiased opinion, his mature judgment, his enlightened conscience, he ought not to sacrifice to you; to any man, or to any set of men living. These he does not derive from your pleasure; no, nor from the law and the constitution. They are a trust from Providence, for the abuse of which he is deeply answerable. Your representative owes you, not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion.

My worthy colleague says, his will ought to be subservient to yours. If that be all, the thing is innocent. If government were a matter of will upon any side, yours, without question, ought to be superior. But government and legislation are matters of reason and judgment, and not of inclination; and what sort of reason is that, in which the determination precedes the discussion; in which one set of men deliberate, and another decide; and where those who form the conclusion are perhaps three hundred miles distant from those who hear the arguments?

To deliver an opinion is the right of all men; that of constituents is a weighty and respectable opinion, which a representative ought always to rejoice to hear; and which he ought always

most seriously to consider. But authoritative instructions; mandates issued, which the member is bound blindly and implicitly to obey, to vote, and to argue for, though contrary to the clearest conviction of his judgment and conscience—these are things utterly unknown to the laws of this land, and which arise from a fundamental mistake of the whole order and tenour of our constitution.

Parliament is not a congress of ambassadors from different and hostile interests; which interests each must maintain, as an agent and advocate, against other agents and advocates; but parliament is a deliberative assembly of one nation, with one interest, that of the whole; where, not local purposes, not local prejudices ought to guide, but the general good, resulting from the general reason of the whole. You choose a member indeed; but when you have chosen him, he is not a member of Bristol, but he is a member of parliament. If the local constituent should have an interest, or should form an hasty opinion, evidently opposite to the real good of the rest of the community, the member for that place ought to be as far, as any other, from any endeavour to give it effect.

That doctrine is particularly wholesome and necessary when parliament is dealing with large issues which affect the very existence and liberty of the body politic. This budget relates to the financing of Canada's part in the great struggle which is being waged at this very moment for the security and freedom of our country as well as for the security and freedom of mankind. This parliament has decided that Canada should take part in that struggle in the fullest possible measure commensurate with its resources. On June 13 I reminded the house of the definition given by the Prime Minister (Mr. Mackenzie King) of what we on this side of the house understood to be total war, "the devotion to the prosecution of the war of all the available energies and resources of the nation in excess of those required to maintain the health and efficiency of the people." That policy has been and is being carried out. The total effort of the nation is nothing more than the aggregate of the total efforts of each individual; and just as, for the nation, everything which is not required to maintain the health and efficiency of the population should be devoted to the prosecution of the war, likewise with the individual, all that he does not require to maintain his health and efficiency should be devoted to the pursuance of the object in which his nation is engaged. I quoted again from *Hansard*, at page 3784, from the same speech of the Prime Minister:

> The foundation of the total effort of any country is a correct decision as to the minimum requirements of the civilian population. Once that is determined, production and consumption, except for war, must be steadily and progressively cut down to the minimum. Waste must be eliminated; the manufacture of all luxuries and many comforts must cease. The surplus . . . must be used to make war.

[Mr. St. Laurent.]

It is the members of parliament who have the responsibility of determining the minimum requirements of the civilian populations and of gauging the extent to which each man can be reasonably called upon to contribute to the national effort. Not only must that effort be made but it must be financed, and each one is also required to do his part, commensurate with his ability to pay, to meet the financial requirements of total war. To suggest that any hon. member should be deterred from asking his constituents—all his constituents—to do their part because of fear that he might give offence to some in asking them to do so, seems to me to strike at the very root of hon. members' responsibility to their conscience and to their country.

So much for the principle. I am also in profound disagreement with the assumptions of fact implied in the challenge of the hon. member for York-Sunbury to those in this house whose privilege it is to represent industrial ridings. That challenge places too low an estimate on the intelligence and understanding of the constituents of Quebec East and too low an estimate on the intelligence and understanding of the constituents of other so-called industrial ridings. The pith and substance of that argument is that industrial workers want an exemption from income tax of at least $800 for unmarried men and at least $1,600 for married men; that from their point of view such a raising of the level of exemption is to be preferred to the elimination of the refundable portion of the income tax as it exists at the present time, and that any failure to support the amendment of the hon. member for Dufferin-Simcoe (Mr. Rowe) will constitute a refusal to comply with their desires.

I need not take many words, Mr. Speaker, to remind the house of the true purport and effect of this amendment. The Minister of Finance has moved that you do now leave the chair so that the house may resolve itself into committee of the whole to consider ways and means to finance this year's part of Canada's war effort. The amendment of the hon. member is that the house, instead of going into committee of ways and means to determine how we shall finance this year's portion of our war effort, will content itself with expressing a few regrets—because that is the amendment. The motion is that you leave the chair. The amendment is:

> That all the words after "that" be struck out and the following substituted therefor:
>
> "This house regrets—
>
> (a) that no adequate steps have been taken to simplify the forms and modernize the methods of taxation;

(b) that no effective action has been taken to grant a measure of relief to the men and women in the lower income brackets by raising the exemption in income tax for single persons to not less than $800 per annum and for married persons to not less than $1,600 per annum;

(c) that no provision has been made to encourage greater war-time production by exempting overtime pay from income tax."

And so on.

That is the amendment. If that amendment were to be carried by a majority vote of this house, what would be the effect? First of all, it would mean that the financing of the current year's war expenditure would be in accord with the financial provisions which are on the statute books at the present time, and no change would be made. This year, taxes would be paid at the rates provided in the statutes as they exist without any amendment by parliament at this session. Not one penny would be added to the level of exemptions; not one penny would be subtracted from the obligation to pay into the exchequer the refundable portion of the tax; not one penny of relief would be granted on any one of the numerous adjustment provisions covered by the resolutions of the Minister of Finance as placed before the house to be considered when it is in committee. Everything would remain in statu quo.

Let me enumerate some of the things which the resolutions propose to do and which could not be done if the amendment carried: Adjustment of medical expenses allowances; additional expense allowance to the blind; extension of tax credits to include all children dependent on the taxpayer; allowance to persons paying alimony; amendments related to contributions to pension funds; extension of delay of appeal against income tax assessment; consideration to be given to the taxation of annuities and to the succession tax on shares in family corporations; the proposal in respect of the excess profits and corporate income taxes; elimination of customs and war exchange tax on agricultural implements, including cream separators; removal of prohibition against the importation of certain articles—all serious proposals, which the Minister of Finance, in view of his economic survey of the situation, thinks it is desirable to have at this time, but which could not be had if this amendment were to receive the approval of the majority of the members of this house.

Mr. GRAYDON: You would have all the good things in the budget under a new government. That would be the result.

Mr. ST. LAURENT: I am just going to deal with what is buzzing in the minds of some hon. members.

Mr. GRAYDON: There is a little mental exercise going on over there too.

Mr. ST. LAURENT: The second effect would be the dismissal from office of the present government and the necessity of holding an immediate general election.

Mr. GRAYDON: I think you are going to hold it anyway, are you not?

Mr. ST. LAURENT: My hon. friend will ask for further information about that from the leader on this side.

Mr. GRAYDON: We have not the right one over there just now.

Mr. ST. LAURENT: In the meantime I will proceed with the remarks I wish to submit to the house. The second effect would be the dismissal of this government from office and the necessity of having at once a general election and having the affairs of the country administered, during perhaps the most critical weeks of this world war, by a government without a majority of parliament behind it. In the meantime, until a new House of Commons had been elected, until a new session had been held, the taxing provisions of the legislation of 1943 would continue to apply, and none of these things for which the resolutions of the Minister of Finance provide could be done.

I submit quite seriously that if hon. members who support the amendment really felt that there was any serious danger of bringing about such a result at the present time they would hesitate.

Mr. MACKENZIE (Vancouver Centre): Just politics.

Mr. ST. LAURENT: And if they did not hesitate it would be because they have not, in truth and in fact, that consideration for what happens at the polls that is implied in the challenge of the hon. member for York-Sunbury.

I wish to make a few comparisons between the raising of exemption from income tax suggested in the amendment and relief from payment of the refundable portion of the tax proposed in the resolutions of the Minister of Finance. Of course the exemptions cannot be raised by an affirmative vote on this amendment; but even if a great many things were to happen and there were appropriate means taken to bring about the raising of the exemption level, let us compare what would be the result with the result of what is proposed by the Minister of Finance. The raising of this exemption would affect the whole body of taxpayers and would give some taxpayers relief of seven per cent of the normal tax on $400—some married taxpayers, and others unmarried, $340,

plus the relief on the graduated tax. The relief would amount to 50 per cent on a $5,000 income; 55 per cent on one of $10,000; 75 per cent on one of $50,000; 85 per cent on a $100,000 income—a relief to every taxpayer of something which would vary between $28 and $340. The man not having to pay any graduated tax would get $28, and because of the size of their incomes those paying graduated tax would get up to $340.

I do not know exactly what the raising of this exemption level would mean in loss of revenue, but I venture to suggest that it would be very considerable, and I hope the Minister of Finance in dealing with this budget will have figures to give to hon. members.

Mr. ILSLEY: It would be $135,000,000.

Mr. ST. LAURENT: I venture to suggest that the greater portion of that would remain in the pockets of those whose incomes are such that they have to pay graduated taxes. On the other hand, the foregoing of the refundable portion of the income tax proposed by the Minister of Finance can have little or no effect on those in the higher income brackets, because they already have offsetting items which dispense them or most of them from dispersing to the federal exchequer any part of that refundable portion. The Minister of Finance has told us that the refundable portion of the personal income tax would be $110 million. There is no doubt that the class of Canadians from whom this $110 million is obtained can well afford as a class to provide that sum for the financing of Canada's war effort. There is also no doubt that there are some of them in the class for whom it was a definite hardship to have to provide their portion of it, while there are others in the class who can without hardship provide more than the portion they were providing of the refundable part of the income tax. The $110 million will have to be obtained; but under this provision, everyone, in the face of his conscience and his duty to his country, will determine the extent to which he can contribute to it.

On the basis of raising the exemption level from $1,200 to $1,600, a married man with two dependents having no graduated tax to pay, because he has two dependents and his income is $1,600, would get a benefit of $28, which is seven per cent of $400. If my calculations are correct, under the present tax law his tax amounts to $56, and the reefundable portion which he would not be required to pay in and leave there until the end of the war would be exactly $28. At the present time the same man with an income of $2,000 would pay $214.80, and he is relieved from having to disburse $107.40. If his income were $2,500 his tax would be $430.80 and his relief $215.40. At $3,000 his tax would be $668.40 and his relief $334.20. At $3,500 his tax would be $908.20, and his relief $420, figured on this basis, ten per cent of $3,500, which is $350, and one per cent more for each child, which makes $70, or a total of $420.

A man with an income of $4,000—and by the way that happens to be the amount of the indemnity of members of parliament—and two dependents, would pay as a tax $1,148.40. I am sure if he were a member of parliament and had no other income there would not be much left after deduction of the tax to use as savings, forced or otherwise. This budget would mean, however, that out of that salary there would be retained $480 less than at the present time. That is the relief which is being given to those who will be able to say to themselves conscientiously in face of their duty to their country, following the criterion expressed in what is meant by total war, that they cannot devote any part of their savings to the financing of the war effort.

My next submission is that the abandoning of the enforced savings is in every way to be preferred to the raising of the exemption level at the present time. It has already been pointed out and was again stated by the hon. member for Brantford City (Mr. Macdonald) this afternoon that the exemption level in this country is now higher than that existing in the United States, in the United Kingdom, in Australia, in New Zealand, and he might have mentioned some other countries. They, like ourselves, are in the war. I fully agree with the suggestion that this is no time to tell them that Canada is letting down on her war effort. But on its own merits I submit that Canada's war effort is necessary and that it is necessary that it should be financed and that that financing should be along the lines of the definition of total war as laid down by the Prime Minister (Mr. Mackenzie King) at page 3784 of *Hansard,* as follows:

> The devotion to the prosecution of the war of all the available energies and resources of the nation in excess of those required to maintain the health and efficiency of the people.

In other words, the requirements are so great that wherever there is ability to pay there should be taxation; but where there is no ability to pay it would be quite wrong to enforce savings. The taxation is to pay for the war that is being waged at this very moment while we are debating in this house. That is what the taxation is devoted to, whilst the compulsory saving is added to the public

debt just as much as the amounts lent voluntarily on victory bonds. The purpose of the savings is to enable the taxpayer to put aside purchasing power that he may have to use after the war is ended. What comparison should we establish betwen the urgency of dollars to pay for what is going on in Normandy at the present time and the putting aside of dollars so that the individual may have purchasing power for himself in the years that follow the war? If there is no ability to pay a tax—and there should be no relief from taxation on any other grounds so long as this war lasts—there certainly is no ability to make enforced savings. Of course, we all hope that that situation will not always continue. The burden of taxation is very heavy, and there is no doubt that it should be lightened just as soon as it may be possible to do so. In my opinion there is no doubt that the lightening should commence in the lower income brackets. I am sure that no one will be better pleased than the Minister of Finance himself when he can consistently come into this house and announce some substantial reduction in real taxation; and expressing my hopes, but basing them upon the relations I have had with him over the last two and a half years, I trust that the first consideration will be given to those whose need is greatest, and that he will feel as I do, that the greatest need exists just above the present level of exemptions.

The Minister of Finance has stated that another reason for abandoning the enforced savings provision was its effect upon production and the reluctance of those in the lower income brackets to bridge the notch between full exemption and incipient taxation. Apparently the hon. member for York-Sunbury is in agreement with that. He said at page 4435 of *Hansard*:

> Relief must be granted to taxpayers in the lower income brackets, not only because of the increase in the cost of living but also and more particularly to deal with the growing evil of absenteeism in industry.

The hon. member for York-Sunbury also said that the high rates of deductions rankled in the minds of the wage-earners in the lower income groups. Well, we must still face facts. This is no time for distributing compliments or otherwise. The facts are these: an unmarried man earning $660 a year or $55 a month, pays no tax. If his wages are made $56 a month he gets $12 a year more. He then pays $8 tax and has $4 left out of the $12. Maybe he earns $12 a year working overtime. He gets $4 out of $12; the tax is $8. If he gets $24 more than the $660, or rather if he earns $24 more the tax is $16 and he gets $8. If he earns $60 more the tax is $40 and he gets $20, and so on right up to $67 a month where the tax, including the refundable portion, is $96 out of the $144 he earns over $660. If he earns $75 a month his income will be $240 over the exemption portion and his tax will be $135. It has to go to $90 a month, or $420 over the exemption portion before the tax gets down to less than fifty per cent of the increased amount. That is the situation with the compulsory savings as they exist at the present time.

I am neither justifying nor condemning anyone's conduct; I am just stating the situation created by this tax schedule, and acknowledging the fact that together with it there is absenteeism and unwillingness to increase the earnings in that range. But the bridging of the gap between no tax and some tax will not be helped in any way by increasing the exemptions. At $66.66 a month, which would be $800 a year, there would be no tax; but at $67 a month or $804 a year the tax would be $2.66; at $68 a month, or $16 over the proposed exemption, the tax would be $10.66. At $80 a month, or $160 over the exemption, the tax would be $106.66, and at $100 a month, or $400 more for the year than the exempted portion, the tax would be $204. The wage would have to go to $500 over the exemption before the wage-earner would retain as much as fifty per cent of his additional earnings. The proposal in the amendment, even if it were something more than an expression of vain regret, would not be a panacea to cure any of the resentment that may exist over the rate of taxation when it first commences to affect wage-earners.

Well, Mr. Speaker, when I go before my constituents in Quebec East these are some of the reasons I am going to give them to justify the vote I intend to register in response to the challenge of the hon. member for York-Sunbury. I hope at that time the necessity for waging total war at least in the European theatre may have passed, but I will make no apologies for what this country has done. On the contrary, I will congratulate the people on the energy, the resourcefulness and the fortitude with which they have responded to the needs of the country in these trying hours and days and weeks and months and years. I will remind them that no part of the magnificent effort which has been put forth would have been possible if the other parts of our war programme had not been maintained. To paraphrase the Prime Minister once more, I feel that the most difficult task in total war was the decision as to the correct balance

between the different aspects of our war effort. I will ask them to remember that without a correct balance in the scheme of taxation the opportunities with which they have been provided to serve in the armed forces or to work in war industries could not have been maintained, and it would not now be possible for the Bank of Canada to report, as it did in the February-March statistical summary, that the number of employees on payrolls where there are not less than fifteen employed was 1,908,000, and that the weekly payroll for those 1,908,000 was $60,600,000. I will congratulate them, but I will ask them to congratulate us on the decisions we had to make and carry out, the decisions we are having to make and carry out during these trying times, as to the correct balance to be maintained between these different aspects of our war activities. And because I am not going there to face destruction I will ask them also to believe that in the post-war period we can make like correct decisions as to the proper balance to be maintained between the different aspects of the social and economic problems which will have to be coordinated and dealt with in a satisfactory post-war reconstruction.

Mr. F. W. GERSHAW (Medicine Hat): In making a short contribution to this budget debate, Mr. Speaker, I desire first to congratulate the Minister of Finance (Mr. Ilsley) upon the preparation and delivery of the budget. He has had many baffling problems with which to deal, but he has won a high place in the confidence of the Canadian people. A few moments ago someone said something about an election in the near future. When that day comes I believe this government should be returned, to promote the welfare and happiness of the people of Canada. They have headed into the storm; they have done what had to be done, and they are well equipped to represent Canada at the conference table and to deal with the problems of rehabilitation. The great issue before the Canadian people at the present time is the war, which is never very far from our thoughts. As long as history is read, as long as memory lasts, the glorious deeds of skill and courage performed by the members of our fighting forces will remain with us, ever to their credit.

It has been said that one of the chief causes of the great depression which followed the last war was agricultural distress. I do hope that following this war the industry of agriculture will receive first consideration at the hands of the government, because if we have a prosperous agriculture we shall have prosperity throughout the whole economy of the country. I should like to bring to the attention of the minister two problems that are of great importance to the district from which I come. Ever since the early eighties people farming in that district have found themselves at times in a condition of poverty, owing to crop failures. At such times they have had to obtain relief and seed grain and fodder from this government. The amount of such assistance was placed as a lien against the title of their land, and very little of that money has been repaid except when there was a transfer of title. Commissions have been set up in each province to deal with these old seed grain liens, but those commissions have not been very generous, and those unfortunate enough to have had to accept relief find themselves overwhelmed with the interest charges which have accumulated during the last forty years or so.

I should like to give some reasons why these old seed grain liens should be cancelled, in addition to the fact that such action would bring about a feeling of good will and of justice among these people. In the first place, as I have said, interest charges have mounted very rapidly. I have in mind the case of two people, Mr. and Mrs. Wing of Ranchville, who had to accept some relief thirty years ago. The day came when they wanted to retire. To their great surprise they found that the little equity they hoped would be theirs was completely wiped out by these liens, of which they had known nothing. They had thought these liens were long ago cancelled. I have another case of a man who received $293 in 1915 in relief fodder and seed grains. During the years he has paid $249, but he still owes $334.90, which is away beyond his ability to pay.

The officers of the provincial government are in close contact with actual conditions and that government has seen fit to cancel its share of what was advanced for relief. The dominion allowed the people to settle in those districts and certainly should bear some responsibility. The principle has now been established that there should be a minimum standard, and it seems pretty hard to have children and grandchildren, some of them returned soldiers, having to pay for relief that was used to save their parents or grandparents from actual starvation at that time. If those bad crops had come along in more recent years the condition would have been corrected by means of bonuses or payments under the Prairie Farm Assistance Act. Surely that is sufficient reason why leniency should be shown. Someone has said that those who have paid would feel that they had been dealt with unfairly if some

remission were given to those who still owed on their debts, but I do not believe there will be one person who will object on that account.

A permanent policy should be adopted to deal with the recurring droughts in those districts. Those who live there are convinced that they cannot depend upon moisture from the sky. During the last thirty years there have been, because of lack of rainfall, only about five paying crops. We do hope and put forward the plea that adequate provision be made, so that a permanent policy can be worked out in order that these relief debts and bonuses will be quite unnecessary. The people of that district are convinced that a great step would be taken in that direction if every acre foot of water now flowing to the sea could be used for production. It is quite impossible to find private capital to build these irrigation schemes. Experience has shown that governments must advance a certain amount of money to cover the capital cost. But there would be increased production; there would be increased traffic for the transportation systems; there would be increased trade; there would be more taxes collectable, and it would not be necessary to provide relief and assistance.

If you go into those districts you find that the homes are often badly in need of repair. The people are isolated; they are long distances from their neighbours. They have no grass and trees and they cannot make real homes. If water were provided; if use were made of the water that is there, there would be flowers and gardens and dairy products. A community life could be built up and there would be food provided for the proper nutrition of the people. The people of this country are not getting a balanced diet. If they were we would be consuming eighty per cent more milk, forty-one per cent more butter, fifty-five per cent more eggs, twenty-nine per cent more meats and about 120 per cent more fruits and vegetables. These are the very products that could be produced as the result of irrigation.

Many of those districts are suffering from drought at the present time. If you went through them you would see that the grass was thin and brown, that the crops were poor and that the cattle were in need of water and pasture. Then if you drove into an irrigated district you would find an entirely different atmosphere. You would find the grass tall; you would find large stacks of feed; you would find the cottages and homes painted and more homelike; you would find a much better feeling, more hope and courage.

The provincial government has been approached regarding this programme and it is ready to do what it can within its means. Petitions have been circulated and signed by thousands of people in those districts. Every member of the cabinet in this government has been approached and has been made familiar with the situation. It is true that something has been done under the Prairie Farm Rehabilitation Act in the way of building small dugouts and stock water reservoirs and other irrigation schemes, but these all depend upon the spring run-off. When there is no snow there is no run-off and the reservoirs are soon dry.

Surveys have been made, and I want to thank the Minister of Agriculture (Mr. Gardiner) for sending in surveyors at the beginning of this year to complete the survey of one large district, the Redcliff-Ronelane district. These problems have been before the reconstruction committee of this house on at least two occasions. In June, 1943, the reconstruction committee recommended that immediate steps be taken to bring about cooperation between the dominion and provincial governments to the end that these districts may be completed.

Mr. Meek, chief engineer of the Department of Mines and Resources, has been over the Milk river project on different occasions and he is thoroughly familiar with the whole proposition. He is convinced of its feasibility and practicability. Mr. Hayes, an engineer of great experience, pointed out to the committee that there were difficulties in irrigating, but he also pointed out that in the light of experience gained and knowledge now acquired great prosperity could be brought about if these districts were completed.

In the St. Mary's-Milk river district 345,000 additional acres could be brought under the ditch at a cost of about $44 an acre. This matter is urgent because, if this project were completed, the waters of those international streams could be used and if it is not completed they may be lost forever. There are 120,000 acres under irrigation but with deficient water supply with consequent lighter and poorer crops. Additional water is needed.

The Redcliff-Ronelane scheme was built up largely by private capital, and 180,000 acres could be brought under water for the cost of around $20 an acre. The people there are in deadly earnest. At a large meeting held in April of 1944, a resolution was passed recommending that the construction of these districts be proceeded with as soon as men and materials can be released from war work. The time has come when another step should be taken, a step that will really move some earth and get water into the ditches. If that is done an enduring work will have been

constructed, a work that will be a monument to those who have completed it, a work that will last long after we are gone and be a great blessing to the people of future generations.

A little area near the ranching station at Manyberries, an area that would feed only one cow without irrigation, produced last year 2,400 bushels of feed grain and about 250 tons of hay. In the near future, and even at the present time, soldiers will be and are returning from the war and men must be moved from those dried districts. Land suitable for farming is becoming scarce. Here we have a great area close to schools, hospitals, telephones, churches and railways that could be brought into production at a very reasonable cost. Dehydration is a common process nowadays and milk and eggs and a large number of vegetables can be dehydrated and preserved in that way. Quick-freezing plants would soon come into operation. By these means these protective foods can be made available all the year round for the people who need them. Then there would be seed plants, canning factories and beet sugar factories to complete the picture. The by-products of the beet sugar factories would be a great help to the live stock industry. Altogether it would revive and give permanency to the towns and cities there. It would create happy homes.

Education at the present time is valued very highly. Parents will sacrifice almost anything to get it for their children, and children often dream of it, but in the farming districts where the hazards are so great these dreams seldom come true. I am making an appeal to the members of this house to support irrigation projects because, by so doing, they will help to bring joy and happiness to many people. It would be a step away from that despair which comes when human hopes are crushed for lack of the economic means of fulfilment.

Mr. HARRY R. JACKMAN (Rosedale): Mr. Speaker, in speaking on the amendment to the budget I should like to direct the attention of the house to the following points: First, to the need for increased exemptions in the lower income brackets. If I understand them correctly, some of the calculations of the hon. Minister of Justice (Mr. St. Laurent) in regard to the normal tax were not entirely correct. For instance, I do not believe that the increase in the brackets from $660 to $800 would relieve anyone of normal tax except those in the bracket between $660 and $800 for single persons and, for married men, those in the brackets between $1,200 and $1,600. Only to that class would relief be afforded.

[M. Gershaw.]

The second point to which I wish to address myself is that employers should be permitted after three years, and that time has already elapsed, to increase the pay of deserving salaried workers by a ten per cent upward adjustment.

Third, the conception of a modern budget. It is no longer what you earn that counts, but what the government lets you keep or hands you out.

Fourth, the need for a committee of ways and means, with power to call for witnesses and to consider alternative plans of taxation to the proposals which have been brought down by the Minister of Finance (Mr. Ilsley), which are seldom allowed to suffer any major change at the hands of members of the house.

Fifth, why compulsory savings did not work.

Sixth, the need for an announcement of the government's general policy on post-war taxation. Business men cannot go ahead without a chart, and an announcement of the general post-war taxation policy would be a great step in giving the people of this country some basis on which to construct their own reconstruction policies which will afford employment to our people.

The amendment to the budget moved by the Progressive Conservative party would provide much needed relief to taxpayers, particularly those in the lower income groups, and at the same time provide a measure of relief that would not be inconsistent with the general financial policy of this country. In particular I refer to paragraph (b) of the amendment which reads as follows:

> (b) that no effective action has been taken to grant a measure of relief to the men and women in the lower income brackets by raising the exemption in income tax for single persons to not less than $800 per annum and for married persons to not less than $1,600 per annum.

With the exemption on a single person's income limited to $660 per annum or $12.70 a week, and on a married man's income limited to $1,200 per annum or $23.07 a week, there is not enough left on which to live, much less enough left on which to begin to pay income tax. The cost of living makes the raising of the income tax exemptions necessary. Very small items bulk large in the worker's income. For example, two years ago the government permitted restaurants and hotels to increase the price of tea and coffee by five cents a cup. That meant, if the taxpayer were living away from home, an increase of fifteen cents a day, or not less than $54.75 for the year. Assuming that five cents was already charged for a cup of tea or coffee, which would surely be the minimum, we must

add another $54.75, or a total of $109.50 a year, which the taxpayer would have to pay who uses three cups of tea or coffee a day. In view of the hardships which taxpayers living away from home were already up against, it would seem that the government might well have been advised to divert some of the taxation on alcoholic beverages and use it to subsidize the use of tea and coffee in public restaurants and hotels.

To give another example, take government employees in grade 1. Their salaries are inadequate; yet they are subject to the tax. If one visits local restaurants in Ottawa or makes inquiry it is found that just prior to the next pay cheque coming due many of these government employees cannot afford proper meals. They will have for lunch probably a sandwich and a coca-cola. The result is that they are undernourished. Yet this class of employees is subject to income tax, even though it is a small one, and it is our belief that they should be given a little higher exemption before they are brought into the income tax brackets. What is the use of the government taking away by taxation the income of these employees in the lower tax brackets and at the same time giving the cost of living bonus to some, and in varying amounts? As matters now stand, men and women in the lower income groups, both married and single, cannot live in decency, much less with comfort, on what is left of their wages and salaries after taxation. I urge the government to increase the income tax exemption on single men to $800 and on married men to $1,600. The cost of doing this would not be great; in fact, rather small after the cost of collection is deducted. It is true that it may be said to be inflationary, but only in a small degree, and not nearly to the same degree as is the need for some relief to those of our citizens in the lower income brackets. It comes with ill grace from this government to raise the cry of inflation when it sponsors family allowances costing over $200,000,000.

Salaried workers, including those above the cost of living bonus class, should after three years of frozen salaries be permitted, where they have become entitled to it, a ten per cent salary increase. Salaried workers as in the civil service ordinarily get small increases from time to time, because in their early years they receive extremely small returns for their labour. As they continue in their employment they become of more value to their employers and because of this, and in many cases because of their growing family responsibilities, it is customary and part of the implied contract that they should receive periodical increases. After three years with greatly increased taxation the plight of many of these workers is serious and economically much harder than that of other classes. I therefore urge upon the government that the salaried worker be allowed one upward adjustment of ten per cent in his basic salary. I do not believe that there is a member of the house who will not agree that this permission to employers to give a ten per cent increase is not only fair but overdue.

To return to the estimates that were given to the house by the Minister of Finance, we have an estimated expenditure of $5,152,000,000 or $458 per person. We have an estimated revenue from taxation and incidental sources of $2,617,000,000, or $233 per person, leaving a deficit of $2,535,000,000, or $225 per head. We are paying for just over half the costs of the war through taxation; the remainder is provided by our people purchasing claims on the future through their subscriptions to victory loans and war savings certificates. But they are not sacrificing a present spending or purchasing power with anything but the firm expectation that, when the maturity of these war savings certificates or victory bonds comes around, they will be able to purchase just as much as they are giving up at the present time. They do not expect that a suit of clothes will then cost $100 or that a $1,000 motor car will then cost $2,000. They expect the same kind of dollar as they are giving up and lending to the government at the present time. If we were to pay as we go entirely we should have to double taxation in this country, and that would be arithmetically impossible in the higher brackets, and humanly impossible in the lower brackets, because something must be left on which to live. It may indeed be interesting for hon. members to speculate on what would happen to production if we paid for production as we went along, instead of borrowing against the future. What would be the effect on production if, for example, we paid out, not $5,152 millions but only what we took in in revenues and taxation, namely $2,617 millions? What would be the effect in lessening incentive to our workers? And then we must ask ourselves, how long can we continue to spend twice as much as we collect?

In addition to the enormous expenditures which the house has already before it, we find that the Minister of Finance tells us that approximately $848 millions additional has to be raised in Canada in order to pay our workers and other producers for what the governments intend buying this year. The question of course arises as to what is going to happen to it. The minister said that there will prob-

ably be large shipments for which we shall have to take payment only in the future. In other words, someone will be indebted to us and we shall have to take payments only in the future, or present payment in a currency other than Canadian—something we cannot spend at the present time, but which may be of value in the future. May I ask him, what is the nature of the transaction which involves such a large amount of money, $848 millions, over one and one-half times our ordinary peace-time budget? We are merely given a hint as to what it may be. Is it to be mutual aid to our allies who are going to use on the fighting front the goods represented by this money? I believe the minister must give us as full an outline as it is possible for him to give before this budget passes. Certainly, if we learn nothing about it, and parliament has adjourned, we have been warned already that the money will probably be spent; we do not know how it is going to be raised; if necessary, I presume, it will have to be manufactured by the printing press or the government will have to go to the Bank of Canada—it is almost the same thing—and the people's representatives will never have been consulted.

Once again, Mr. Speaker, I suggest that a committee of ways and means with the powers which I have already outlined is urgently required to pass upon these matters, unless the executive is to take complete power away from the legislative branch. About the only power left to us, namely the legislature, is that of scrutinizing expenditures and supplying money to the crown. Surely some right has to be left to the legislative branch of parliament.

The budget has really assumed tremendous proportions. Against our normal budget of about $500 million, our present budget is over ten times that amount and our cash requirements are about twelve times as great. Unlike the ordinary taxpayer or individual in this country, parliament does not figure out where the money is coming from before it spends or appropriates it. It is very much like putting the cart before the horse; and I believe that if we had a committee of ways and means we would be able to cut our coat more closely according to our cloth and have some realization of where the money is coming from before we decided how it is going to be spent. Certainly the present method cannot go on for ever without having very serious consequences to our whole economy. The only exception I would make to that stricture on the government is in connection with the war. Certainly we must not count the cost there before we spend it; we must spend every cent and every dollar we can which will shorten the war or save the life of a single man. That is not only our duty but our self-interest and our solemn obligation.

May I point out to this house, however, that finance is not an abstract affair apart from the people with whom it has to do. It does not operate in a vacuum. I believe that the temper of the people will allow the present method of financing to continue until victory is assured. But finance deals with people; its possibilities and limitations are rooted deep in human nature, and hence I use the qualifying phrase, "temper of the people".

In the post-war period we must make financially possible that which is physically possible, and may we hope that the temper of the people will allow that to be done. The question will undoubtedly arise at that time, will three million Canadians continue to buy government bonds and war savings certificates? I was reminded in this connection of a statement of Field Marshal Ironside, who, when he was congratulating our armies on the capture of Cherbourg added:

> Every war ceases by the fact that men will not fight any more. Whatever the order given by a general or a government, when men cease to fight then the war is over. That I hope is just coming.

Or as General Montgomery says:

> You can do anything with an army if the morale is high.

And I suggest you can do anything with production or with finance if the people are willing or have confidence. Despite the tenets of certain political doctrines there is a limit to what the people will stand, and they will stand different things at different times. Education and new ideas are a great help, and we all live and learn. But I maintain that a system which has built up the modern industrial world, based on individual initiative, is the system which is best calculated to provide the highest standard of living for all.

I should now like to say a few sentences about the conception of a modern budget, because I believe that not only will some hon. members be interested, but the people should understand what we are doing when we discuss budget matters in this house.

In a little booklet entitled, "Full Employment and the Budget", by Hugh Molson, M.P., is the following:

> In the days of Gladstonian finance, it was considered that the state should concern itself as little as possible with the economic and social life of the country. Its activities were so narrow that in 1887 Lord Randolph Churchill resigned the office of Chancellor of the Exchequer rather than introduce a budget of 88 million pounds. It was thought best to leave money "to fructify in the pockets of the taxpayer."

And, quoting further from the same pamphlet:

As Mr. Quintin Hogg, M.P., said in the House of Commons on 14th April, 1943: "we are gradually passing through a transitional stage betwen two different conceptions of what our budget is. It still is in form a statement of the accounts of the treasury—the ordinary expenditure and revenue of the year—but it is gradually developing into an annual review of our whole economic life and resources. I believe the process should continue, because I think it will lead in the end to a much wiser view of our economic policy."

The modern budget, unlike its predecessors, results in the redistribution of the national income, although that is a new conception in this country. Here it was not found necessary until some years ago, because in Canada individual initiative counts and here the children of the same family have the same opportunity, and these same children can occupy the highest or the lowest places in our economic society depending on their own abilities and application. But now the national income, which is the adding together of all our wages and salaries, those of every one of us, into what I may term, and it is so-called by many in fact, the national pie—this national pie is divided by bureaucrats under the ægis, if you will, of the Minister of Finance and under the authority of the government. You and I are merely a collection agency until the budget is brought down. It is no longer what you earn that counts, but what the government lets you keep or hands out to you. It is no longer what you receive from your employer, in competition with your fellow men, which determines how much you shall have, but simply how much the government decides that you may be allowed to keep at the end of the year. The old virtues of self-preservation, hard-work and self-denial will, I believe, reassert themselves because they are part of the fundamental law of nature. We may hope that glittering prizes for sharp swords will not be held out after the war, but at the same time we may hope that there will be payment to everyone according to his ability and his contribution to society. Fortunately, the principle which leads to the greatest production still obtains, namely, free enterprise and individual initiative; and, as Mr. John Bracken has said, it is that principle which leads to the distribution of plenty and not to the distribution of scarcity.

But it is this importance of the modern budget which I wish to emphasize to members of the house, because it surely gives rise to the need for a committee to examine these matters, since probably nothing is of greater importance to the people of Canada than the manner in which the budget redistributes their earnings throughout the year. It has a direct effect on every taxpaying individual and nowadays, therefore, on practically every individual. There is an imperative need that a committee should be set up which knows the needs of the people and what the people will stand for, rather than to have the whole matter settled by a mere handful of people in Ottawa. Such a committee would avoid gross errors. For example, I do not think the situation in regard to compulsory savings would have been so unhappy and so disastrous had there been a committee composed of members of this house. This redivision of the national income, that is, everyone's wages and salaries, is of much greater importance than many other measures in this house on which we spend endless time and which do not begin to compare in importance with the budget.

The second basic consideration which the minister outlined in his budget address was that we must have the highest possible production, and that the urgency is very great and is immediate. This is surely not a new principle either in war budgets or even in peace-time budgets. It should be the all-compelling one, although I am afraid that sometimes other principles are allowed to take precedence over it. May we hope that, in the post-war period, whatever government is then in power will allow the principle of production to take priority over any principle of tax collection, because the budget is surely made for business and not business for the budget.

In the 1942 budget the minister upped the personal income tax and introduced compulsory savings. The latter was by far the major matter of the two. At that time he mentioned the three determining principles in framing his budget as equity, incentive, and the need for savings. The minister said this:

There is danger that high progressive rates of income tax may interfere with the incentive for harder and better work for efficient production. We can and must rely upon other than economic motives to a large extent these days. Nevertheless, we cannot afford to dispense entirely with the incentive of improved earnings as a stimulus in the continued week-in week-out production work of the nation at a time when production is of vital importance.

I suggested at that time that he was guided if not dominated by bureaucrats, and as a result the compulsory savings measure has utterly failed, and failed perhaps to a large extent because this country has not had during the war the spiritual leadership which we might have expected and which some other countries have happily had. Now we find compulsory savings partly done away with. The error, in

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the minister's judgment, or in the judgment of his advisers, which he accepted, is obvious and admitted.

Mr. ILSLEY: I would point out that several of the hon. member's colleagues want it continued and have so stated.

Mr. JACKMAN: Under certain conditions. I hope I may be able to outline why the provision as to compulsory savings has failed so badly. It is due to the fact that it is run entirely by bureaucrats, and after the minister has listened to me I should not be surprised if he agreed with me, that is, if he ever allows his mind to agree to a new suggestion. How much production that error has cost Canada, how much in the way of revenue which we might have obtained under a taxation policy which would be more in keeping with the government's man-power policy and lack of leadership, we do not know. But it has undoubtedly been a detriment to the carrying on of the war effort and the minister now, with the great urgency for production, sees fit to change it at the last moment. In the present budget address he says:

> Referring to absenteeism, I am not in a position to judge fully how far this is true, but I do know that now is the time when the need for greater production is urgent and immediate.

Last year we had an amendment to alleviate the rigour of taxation on the lower brackets between $660 and $820 and also on the married brackets just above the minimum. One-third was to be taxed; one-third was to be refundable, and one-third was to be clear gain in the hands of the taxpayer.

At that time, however, I put the following question to him:

> I would like to ask the minister what assurance he has that this will prove an adequate incentive to keep workers working after they come into the taxable bracket. Will it be sufficient to stop absenteeism, or is it just a trial and error method which he is presenting to the committee?

I also at that time suggested that we should have a budget committee which would be empowered to call experts so that the house would know exactly what the response to the various measures would be by the people who would be concerned with them. At that time I also suggested as a method of raising increased revenue, or to take the place of any loss of revenue which might be incurred, an increase in the sales tax or the imposition of a purchase tax on non-essentials. But the humiliating part of the cancellation of compulsory savings to the government must be that in doing away with compulsory savings they are not doing away with any tax at all. The fact is that the people of the country do not place reliance in the government's promise to repay the amount withheld from the pay envelopes at two per cent interest. It merely gives an indication of the low ebb to which this government has fallen in the minds of the people of the country. Their word is no longer regarded as secure. Compulsory savings were undoubtedly good in theory because they were a bulwark to a small extent against inflation and at the same time provided the government with money. The minister has now reluctantly given up this aspect of fiscal policy. He has been forced to the conclusion that it is desirable to discontinue it. But I would suggest to him and to the hon. members of this house that there is no need to blame the workers for distrusting the government's promise to repay this money. The compulsory saving certificate is a most informal document. It is not even necessary for one to retain it in order eventually to put in a claim for compulsory savings. Let me just read to the house the "simple" language in which this savings certificate is couched. It is as follows:

> The amounts refundable shall be paid to the taxpayer after the cessation of hostilities between Canada, Germany, Italy and Japan at such times and in such instalments as may be prescribed by regulation made by the governor in council, but in the case of taxes paid upon income for nineteen hundred and forty-two taxation period not later than the end of the second fiscal period of the government of Canada commencing after a date to be fixed for the purposes of this act by the governor in council as the date of the cessation of hostilities between Canada and Germany, Italy and Japan.

Could anybody understand that without reading it two or three times, much less an ordinary industrial worker. Yet this is the thing he is asked by the government to accept. If the government were in touch with not only the workers in the factories but with the people who handle certificates or evidence of indebtedness they would soon learn that such a wording utterly confuses the minds of the persons concerned and causes a complete lack of confidence. Why not say "not later than five or even seven years," and be done with it? People would know where they were and would therefore be content. I realize that a definite period like that does not cover all the legal and war possibilities, but it is prac-

tical and that is what the people are concerned with. They are not concerned with all this stuff that interests the people in the east block who do not know what the people of this country understand or what they will put up with. It is true these certificates bear interest at two per cent, but they are not negotiable and perhaps that is necessary in order for them to have any savings feature. Certainly it was a prize example of how not to package what you want to sell the public. The goods were all right, but no business man would ever try to sell the public something they could not understand. A new product must be advertised even if the government has to resort to "soap operas."

The government accepted the suggestion with regard to compulsory savings certificates. I think it was supported by members on our side of the house, and certainly the fundamental principles of this policy were to guard against inflation and to bring in some money for the government. Those principles were sound and I fully realize the reluctance with which the minister gives up the idea. Yet he has no one to blame but the ineffectiveness of his own department and the department of National Revenue in their inability to get the idea across to the Canadian people, and there is nothing wrong with the Canadian people.

I also suggested that facsimile certificates be introduced and placed in the factories where the workers could see them. I understand that has been done to a small extent, but more important and notwithstanding the odd legalistic language in which this certificate was couched it was suggested by a number of speakers on this side in former years that the actual certificate, the actual evidence of indebtedness, should be put into the hands of the workers, but of the 1942 class of taxpayers only sixty per cent have received their certificates. I understand that the government have some problems in connection with it, but they want to be too exact. Surely when they get the return from the employers showing that so much has been deducted for compulsory savings they can issue a certificate up to the nearest $100. The government has the money. There cannot be very much chance of a mistake. Anyway the certificate is only evidence; it is not an actual receipt which you have to turn in when you want the money. The government in its desire for preciseness has allowed the very heart of this plan to die.

I shall not mention anything about the refundable portion of the excess profits tax, but I may tell the minister that having had to calculate at times what these were in various companies I almost instinctively had by no means complete faith in them. On reasoning it out, I knew the word of the Dominion of Canada was behind them and that they were all right, but there was no date of payment attached to them and they would have to take a heavy discount because people are not interested in dealing with documents of that kind. I cannot understand a department being administered carrying out the laws laid down in this house in such a fashion. They have no idea what the people of the country will stand for or understand.

On a number of occasions the minister had to change things which had been advocated in this house at various times. For instance, in the early days of the war and only after insistence from members on this side of the house were the income of husbands whose wives had taken war jobs allowed to remain in the married men's bracket. It was found that if the wife took war work the husband's income was reduced to the single man's bracket and the net gain to the family as a unit was very little. That was changed in order to encourage war production. Then we had the matter of interest on mortgages where the husband had put the property in the wife's name for very good reasons and still paid the mortgage interest himself because it was the only source of earnings in the home. The minister refused to make that change until a year had gone by. All of which indicates that the minister is not in touch with what the people will reasonably stand.

Then last year we had the payments in under dominion government annuity contracts. They were not allowed as an offset against compulsory savings. Although the minister said that he could see no reason why they should be, the change was made. It was impossible to make the people understand why those payments into annuities should not be allowed as an offset against compulsory savings. The minister finally changed the regulation. I suggest, Mr. Speaker, that these matters clearly indicate that the Department of Finance in the drafting of the budget and the Department

of National Revenue in the carrying out of the Income War Tax Act are hopelessly out of touch with the people of Canada. I hope that some day the Minister of Finance will learn that human nature exists and that he is not likely to find out very much about it from a selected group of officials whose contacts are not very broad. Let us adopt the committee system where people's representatives may express the people's views. The resulting legislation may not be quite as nice looking as theory in textbooks; nevertheless it will be workable, whereas the present method produces much unworkable legislation.

Mr. ILSLEY: We might refer it to the banking and commerce committee.

Mr. JACKMAN: I suggest that we find some better committee than that. After all, while we have trouble in some of our committees, yet we either believe in democracy or do not. We either believe in the people who sent us here or we do not. We should discuss these things more with the representatives of the people here; otherwise we may as well dish the whole thing. Certainly the Minister of Finance and his advisers in the east block do not know more than all others, and they should consult the people's representatives. I suggest that there has been far too much of not consulting the representatives of the people. I agree with what the minister says about the banking and commerce committee, but the fundamental principle is either we believe in democracy or we do not. The only way to prove that we have a democracy is to consult hon. members of this house, but that is not always done.

The minister gave further consideration to certain anomalies and hardships in the present law. I have not time to go fully into them and there will be ample opportunity in the resolution stage. For the most part the changes are very good. The provision for medical expenses and the plan of extension of tax credits to taxpayers to include all children and also relatives by marriage are good. The amazing thing about the provisions of the Income War Tax Act is that the wife's relatives were differentiated from those of the husband even though living with the family unit. That was an amazing circumstance and the minister has at last seen the justice of making the change. Now the minister states that the government desires to recognize more fully than before the varying circumstances of family responsibility. Last year when I argued that every child in Canada should be the subject of income tax exemption I called upon the minister to adduce reasons why he was not willing to do so. The minister replied at pages 2406 and 2458 of *Hansard*. Perhaps he was somewhat worried because of the length of time it was taking to get the budget through, and his reply was both petulant and rather self-righteous. Now that a complete change in the section has been made I wonder whether or not the minister's air of deep sincerity is always to be taken at face value. Perhaps it may be the result of having been held up by the committee, and not having his resolutions go through as quickly as possible. In any event, when I urged that every child in Canada should be the subject of income tax exemption, unless in an institution, this was the minister's reply:

> Why stop at children? Why not include all worthy recipients of private benefactions, all worthy recipients of support? If the hon. gentleman received the letters that we receive from people who say, "You should allow me an exemption because I am supporting a friend or relative who is ill in my home", he would realize what this means. We must have some rules and some limitations to this thing.

Later in the long paragraph he said:

> I am just pointing out that we are opening up a field here of tremendous extent and the hon. gentleman cannot stop at children. He would have to include any child, a niece, a nephew, a stranger or anyone a taxpayer might take in and feed. He cannot stop there; he has to take in everybody whom he helps in this way, and it is not consistent with the principles on which our system is built.

Those were the words of the minister at that time; yet now I find that the change which I advocated, which was surely reasonable—it must have been reasonable because it has been adopted—is now to be incorporated in the laws of the country. Yet the minister refuses to listen to those of us who endeavour to keep in touch with the people of the country and to point out the pitfalls in the legislation he brings in from time to time. He prefers to lean upon the bureaucrats who are his sole source of guidance, as far as anyone can find out, instead of coming to the members of this house who, after all, are the representatives of the people of Canada.

On motion of Mr. Castleden the debate was adjourned.

On motion of Mr. Mackenzie (Vancouver Centre), the house adjourned at 5.55 p.m.

Thursday, July 6, 1944

The house met at three o'clock.

SIXTH VICTORY LOAN

STATEMENT WITH REGARD TO RESULTS

On the order for motions:

Hon. J. L. ILSLEY (Minister of Finance): I should like to make a brief statement with regard to the results of the sixth victory loan campaign.

Total sales of bonds amounted to $1,407,576,650. This represented 3,077,123 applications. These sales were made for payment in cash. The sixth victory loan did not involve the issue of any new bonds against the surrender of maturing securities.

It will be recalled that the total objective for the sixth victory loan was set at $1,200,000,000, and that this objective was split $525,000,000 for individuals covered by the general canvass and payroll savings canvass, and $675,000,000 for large investors, mostly business firms and corporations, covered by the special names canvass. Each of these objectives was exceeded by a wide margin.

Combined sales by the general canvass and payroll savings canvass amounted to $643,690,700, representing 3,070,601 applications. Sales in the special names canvass were $763,885,950.

The sixth victory loan attained new record levels in the total amount of bonds sold, in the total number of applications received, and in the dollar amount of sales to individuals covered in the general and payroll savings canvasses.

I should like to point out that applications by members of the armed forces form part of the figures I have given on sales to individuals. On the sixth loan, armed forces applications numbered 461,688 for $47,826,250 of bonds. Applications from overseas personnel of the armed forces, included in these totals, numbered 141,510 for $13,383,550 of bonds. All of these figures show a considerable increase over the results of the fifth victory loan. The record of support of victory loans by members of the armed forces, particularly from the men in the navy, army and air force overseas, is one of the most stimulating features of our victory loan campaigns. In supporting victory loans, the armed forces are showing their appreciation of the value of a reserve of savings for use after the war. This evidence of their firm confidence in victory, and of their faith in the future of Canada, is an inspiration and an example to all of us on the home front.

These data have been compiled by the national war finance committee from information obtained at the time of public offering of the loans, and from other sources. The results of the sixth loan should be regarded as subject to revision when final figures with respect to this loan become available.

Costs of issue of the sixth victory loan, while incomplete at the present time, are expected not to exceed 88 cents for each $100 of bonds sold. Costs of issue on the first victory loan, in June 1941, were just over one per cent, but costs on all issues since that time have been less than one per cent.

With the consent of the house, I should like to place on *Hansard* for convenient reference a statement showing the estimated derivation of subscriptions to the sixth victory loan and preceding victory loans. All figures in regard to the sixth victory loan are subject to final verification on the receipt of reports of actual bond deliveries by banks, trust, and loan companies. The figures which I have used, and which appear in the statement I am placing on *Hansard,* are based on the final reports received in Ottawa from the provincial offices of the national war finance committee.

The following table shows the estimated derivation of applications for victory bonds at the time of issue of each loan.

The applications for each loan are divided into two broad classes, designated "Individuals" and "Non-Individuals".

The class designated "Individuals" includes two sub-divisions, described as "Special Names" and "General and Payroll Canvasses." The amounts shown for special names represent applications received in the special names canvass from individuals believed to be capable of buying $25,000 or more of bonds at the time of each loan. The amounts shown for general and payroll canvasses represent the combined total of applications received in these canvasses. General canvass applications include some sales to small commercial and small non-profit bodies. Total applications from these non-individuals would be a relatively small part of the total amount shown opposite the designation "General and Payroll Canvasses".

ESTIMATED DERIVATION OF APPLICATIONS, AT TIME OF ISSUE

(Dollar figures in millions)

Item	First Loan			Second Loan			Third Loan	Fourth Loan	Fifth Loan			(Preliminary) Sixth Loan
	Cash	Conv.	Total	Cash	Conv.	Total	Cash	Cash	Cash	Conv.	Total	Cash
	$	$	$	$	$	$	$	$	$	$	$	$
All Applications	730·4	106·4	836·8	843·1	153·6	996·7	991·4	1,308·7	1,375·0	195·6	1,570·6	1,407·6
(a) Individuals[1]	316·0	35·3	351·3	364·6	1·0	365·6	400·9	566·7	626·6	44·7	671·3	668·1
(b) Non-Individuals	414·4	71·1	485·5	478·5	152·6	631·1	590·5	742·0	748·4	150·9	899·3	739·5
Applications from Individuals—												
(a) Special Names	36·5	0·8	37·3	29·0	1·0	30·0	26·3	37·2	26·9	2·5	29·4	24·4
(b) General and Payroll Canvasses[1]	279·5	34·5	314·0	335·6	nil	335·6	374·6	529·5	599·7	42·2	641·9	643·7
Applications from Non-Individuals—												
(a) Banks—Own Account—	6·7	42·5	49·2	nil	117·5	117·5	0·5	0·5	nil	139·7	139·7	nil
(i) Bank of Canada	nil	7·0	7·0	nil	1·7	1·7	nil	nil	nil	72·0	72·0	nil
(ii) Chartered banks	6·7	35·5	42·2	nil	115·8	115·8	0·5	0·5	nil	67·7	67·7	nil
(b) Government Accounts	31·6	nil	31·6	47·1	nil	47·1	54·5	85·2	78·8	2·4	81·2	80·6
(i) Federal	9·9	nil	9·9	19·6	nil	19·6	22·7	30·8	22·4	2·2	24·6	25·7
(ii) Provincial	10·7	nil	10·7	15·6	nil	15·6	18·6	34·1	32·6	0·1	32·7	36·1
(iii) Municipal and school	11·0	nil	11·0	11·9	nil	11·9	13·2	20·3	23·8	0·1	23·9	18·8
(c) Insurance Companies, pension funds, etc., and savings banks	97·4	22·1	119·5	133·9	23·9	157·8	179·0	201·3	197·7	4·7	202·4	200·0
(i) Life insurance companies	86·5	20·4	106·9	115·5	23·4	138·9	155·1	165·1	168·7	3·4	172·1	167·9
(ii) All other insurance companies	6·7	1·7	8·4	10·9	0·5	11·4	12·4	15·5	13·3	0·6	13·9	13·0
(iii) Associations, unions, pension and benevolent funds	2·7	nil	2·7	5·6	nil	5·6	9·0	16·1	10·8	0·7	11·5	13·8
(iv) Quebec Savings banks	1·5	nil	1·5	1·9	nil	1·9	2·5	4·6	4·9	nil	4·9	5·3
(d) Miscellaneous	278·7	6·5	285·2	297·5	11·2	308·7	356·5	455·0	471·9	4·1	476·0	458·9
(i) Mining companies	39·1	nil	39·1	29·4	8·5	37·9	43·6	54·7	48·3	nil	48·3	46·4
(ii) Trust companies, investment trusts, mortgages and loan companies, and real estate companies	8·4	nil	8·4	9·2	nil	9·2	11·3	17·5	19·2	0·1	19·3	18·7
(iii) Colleges, churches, hospitals, and charitable organizations	2·4	0·2	2·6	2·6	nil	2·6	3·3	3·3	3·8	0·4	4·2	5·1
(iv) All others, being practically all subscriptions from business firms and corporations	228·8	6·3	235·1	256·3	2·7	259·0	298·3	379·5	400·6	3·6	404·2	388·7

[1] General Canvass which forms part of this total includes small commercial and small non-profit bodies. Aggregate subscriptions from these bodies would be relatively a small part of total.

The non-individuals class represents all applications received in the special names canvass with the exception of applications from individuals covered in the special names canvass, referred to above. The non-individuals class has been subdivided to show applications from banks for their own account; government accounts; insurance companies, pension funds, etc., and savings banks; and miscellaneous, this general group reflecting, with minor exception, applications from business firms and corporations.

RADIO BROADCASTING

APPOINTMENT OF HOWARD B. CHASE AS CHAIRMAN OF BOARD OF GOVERNORS OF C.B.C.

Hon. L. R. LaFLECHE (Minister of National War Services): Mr. Speaker, may I table copies of orders in council P.C. 5060 and 5061 of the 4th of this month. With regret may I say the first accepts the resignation of Mr. Rene Morin as chairman of the board of governors of the Canadian Broadcasting Corporation, and the second appoints Mr. Howard B. Chase to replace Mr. Morin.

May I explain that Mr. Morin has been connected with the board of governors of the Canadian Broadcasting Corporation since September 10, 1936. He consented to his appointment as chairman being renewed in November, 1942, but at that time he told me he could not give any guarantee that he would serve for the full period. Some time ago he intimated that his other duties had increased to the extent that he should tender his resignation as chairman. In doing so, he expressed appreciation of the staff of the Canadian Broadcasting Corporation and of his colleagues, and he was kind enough to say a word about the minister as well.

I am particularly pleased to be able to announce the appointment of Mr. Chase, which marks, I believe, some special recognition of labour. He has merited well of Canada and I know he will do so in his new appointment.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, may I ask the Minister of National War Services, on motions rather than on the orders of the day, a question arising out of the statement which he has just made. Is Mr. Morin still serving on the board of governors?

Mr. LaFLECHE: Oh, yes. He has been good enough to remain as governor.

Mr. GRAYDON: May I ask when we may expect the order in council appointing a general manager of the corporation?

Mr. LaFLECHE: It cannot be before I receive a recommendation from the board of governors, which recommendation I have not yet had.

Mr. GRAYDON: There never was such a delay as that.

Mr. LaFLECHE: They are doing very well, indeed.

Mr. GRAYDON: You do not have much support for that in the house.

Mr. LaFLECHE: Not from you, no.

PRIVILEGE

MR. MCCANN—REFERENCE TO PRESS DISPATCH IN "GLOBE AND MAIL" OF JULY 6

Mr. J. J. McCANN (Renfrew South): Mr. Speaker, on a matter of privilege and as chairman of the parliamentary committee on radio broadcasting, I wish to make a brief observation based upon a press dispatch appearing in the *Globe and Mail* of July 6. The dispatch reads as follows:

> Ottawa, July 5.—The parliamentary committee on radio broadcasting likely will recommend removal of the $2.50 licence fee, Douglas G. Ross, P.C., Toronto, St. Paul's, said to-day. The committee is currently in final session to draft recommendations to parliament.

This statement has been given wide publicity, and will no doubt receive further publicity. Let me say that the last two meetings of the radio broadcasting committee were held in camera; the statement issued did not emanate from the radio broadcasting committee and must be regarded as the personal opinion of the hon. member for St. Paul's.

Mr. REID: I hope there is some truth in it.

TAX CONVENTION ACT, 1944

CANADA-UNITED STATES OF AMERICA—RATIFICATION OF CONVENTION SIGNED AT OTTAWA, JUNE 8, 1944

Hon. C. W. G. GIBSON (Minister of National Revenue) moved for leave to introduce bill No. 159, respecting a certain tax convention between Canada and the United

States of America, signed at Ottawa, in the Dominion of Canada, on the eighth day of June, 1944.

Mr. GRAYDON: May I ask the minister to explain?

Mr. GIBSON: I gave a full outline of the provisions of the convention for the avoidance of double taxation in regard to succession duties on June 16 in this house. The bill is to ratify the convention with the United States.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk)

WARTIME HOUSING, MONTREAL DISTRICT—T. PANOS

Mr. BERTRAND (Terrebonne):

1. Is Mr. T. Panos in the employ of Wartime Housing, district of Montreal?
2. If so, what is his position?
3. When was he appointed?
4. Was his appointment protested? If so, by whom?

Mr. CHEVRIER:

1. Yes.
2. District supervisor.
3. February 1, 1944.
4. Yes. Mr. Charles David.

SIXTH VICTORY LOAN

Mr. HATFIELD:

1. What was the total cost of the sixth victory loan?
2. What was the total cost in the province of New Brunswick?
3. What was the cost in (i) Canada; (ii) New Brunswick, for (a) commissions; (b) salaries; (c) radio programmes; (d) advertising; (e) living and travelling expenses; (f) rentals; (g) other expenses?
4. What was the total amount subscribed in (i) Canada; (ii) New Brunswick?

Mr. ILSLEY:

1. The total cost of the sixth victory loan will not be known until all accounts have been received. As at May 31, 1944, expenses charged to sixth victory loan aggregate $3,829,927.83.

2. The total cost of the sixth victory loan in the province of New Brunswick will not be known until all accounts have been received. As at May 31, 1944, expenses charged to sixth victory loan in relation to the province of New Brunswick aggregate $30,389.43.

[Mr. Gibson.]

3. The amounts disbursed down to May 31, 1944, and charged to sixth victory loan are as follows, those under (ii) New Brunswick being the items paid from the New Brunswick office of the committee:

	(i) Canada	(ii) New Brunswick
(a) Commissions	$ 286,090 75	.....
(b) Salaries	522,524 13	$9,553 16
(c) Radio programmes.	15,975 70	.....
(d) Advertising	501,565 86	3,060 12
(e) Living and travelling expenses	351,230 01	9,942 20
(f) Rentals	72,333 78	1,495 16
(g) Other expenses	2,096,183 30	6,338 79

4. The total amount subscribed to sixth victory loan has not yet been determined, but the published figures as at May 19, were as follows: (i) Canada, $1,388,524,900; (ii) New Brunswick, $30,536,800.

TRAINING FOR SERVICE IN AMGOT

Mr. DIEFENBAKER:

1. Are officers in the army, navy and air forces in Canada being given an opportunity to take courses preparatory to service in "AMGOT"?
2. If so, how many have actually been given the course?
3. How many Canadians is it anticipated will be utilized or absorbed in "AMGOT"?

Mr. MACDONALD (Halifax):

1. Navy, army and air force officers from units in Canada have been trained at staff courses for civil affairs.

2. 1 naval officer, 108 army officers and 19 air force officers from units in Canada have been given the Canadian civil affairs staff course at Royal Military College. 11 army officers were despatched overseas in December, 1943, for a course in civil affairs, and in addition 28 army officers will shortly be despatched for a course commencing in August, 1944.

3. It is expected that all officers now trained or being trained in civil affairs work will eventually be utilized. It is not possible to say whether this will be the ultimate number as this depends on conditions in Europe.

WARTIME HOUSING—UNITS BUILT AND PROJECTED

Mr. BRUCE:

1. How many separate housing units have been built in Canada by Wartime Housing?
2. How many more are under construction or to be built?
3. Where are these situated?

Mr. CHEVRIER: 1, 2 and 3.

Location	Houses	Staff houses	Men's hostels	Women's hostels	Bunk houses	Houses under construction
Amherst, N.S.	150	1				
Arvida, Que.	500					
Beauharnois, Que.	100					
Brantford, Ont.	200	2		1		150
Brownsburg, Que.	100					
Cap de la Madeleine, Que.	100					
Cartierville, Que.	400	3				
Chicoutimi, Que.	100					
Collingwood, Ont.	150					
Cornwall, Ont.	50					
De Salaberry, Que.	250					
Dundas, Ont.	93					
Edmonton, Alta.	203					147
Esquimalt, B.C.	275	1				
Fort Erie, Ont.	242			1		
Fort William, Ont.	326	2		1		
Frankford, Ont.	100	1				
Galt, Ont.	50					
Halifax, Dartmouth and Eastern Passage, N.S.	1,472	15			5	
Hamilton, Ont.	1,453		1	1		200
Hespeler, Ont.				1		
Hull, Que.	150					50
Jonquiere, Que.	100					
Kingston, Ont.	325			1		
Lac a la Tortue, Que.	10					
La Tuque, Que.	75					
Lauzon, Que.	100	1				
Liverpool, N.S.	50					
Long Branch, Ont.	200			1		
Malton, Ont.	200		1	1		
Merritton, Ont.	92					
Midland, Ont.	50					
Moncton, N.B.	200					
Moose Jaw, Sask.	50					
New Glasgow, N.S.	136	3				
Niagara Falls, Ont.	250					
Nobel, Ont.	220					
Orillia, Ont.	75					
Oshawa, Ont.	50					100
Ottawa, Ont.	40					
Parry Sound, Ont.	130					
Peterborough, Ont.	559		1			
Pickering, Ont.	600					
Pictou, N.S.	400	5				
Port Arthur, Ont.	50					
Prince Rupert, B.C.	522	9			2	
Quebec, Que.	200					
Renfrew, Ont.	69					
Rock Island, Que.	50					
St. Catharines, Ont.	683	3			1	
Saint John, N.B.	150	3			2	50
St. Paul l'Ermite, Que.	37		1	1		
St. Therese, Que.	100					
Sarnia, Ont.	250					
Sault Ste. Marie, Ont.	200					
Sea Island, B.C.	303					
Sorel, Que.	350	2			7	
Valleyfield, Que.	10					
Vancouver, B.C.	759	2				
Victoria, B.C.	150					
Wallaceburg, Ont.	50			1		
Waterloo, Que.	25					
Welland, Ont.	757	6			1	
Windsor, Ont.	2,050					250
Woodstock, Ont.	35					
Toronto, Ont.						250
Total	17,176	59	4	10	18	1,197

VENEER LOG SUPPLY, LTD.—BIRCH AND MAPLE VENEER LOGS

Mr. DORION:

1. What is the quantity of export quality and second quality birch and maple veneer logs, separately, produced, purchased or acquired by the crown company known as Veneer Log Supply Ltd., of Montreal, during the years 1940-41, 1941-42, and 1942-43?

2. What quantities were produced, acquired or purchased in the provinces of Ontario, New Brunswick, and Quebec, separately, during the said years?

3. Was decimal C Scribner scale used in each province?

4. What quantities of veneer logs were exported to the United Kingdom or other countries during the years mentioned?

5. What quantities of birch or maple veneer logs of both qualities were sold to: The Guelph Cask Veneer & Plywood Co., Limited, Scotstown, Que.; Canada Veneers Ltd., Saint John, N.B.; Dominion Shuttle Company, Lachute, Que.; Commonwealth Plywood Ltd., Ste-Therese, Que.; The Singer Manufacturing Company, Thurso, Que.?

6. What prices were paid by the crown company for birch and maple logs in each year?

Mr. CHEVRIER:

1. During its first fiscal year's operation which ended August, 1943, Veneer Log Supply Limited purchased 14,810,570 feet of standard quality veneer logs and 164,850 feet of second-grade veneer logs.

2. During the fiscal year ending August, 1943, the following quantities of standard quality veneer logs were purchased by Veneer Log Supply by provinces as follows: Quebec, 7,293,740 feet; Ontario, 2,449,630 feet; Maritimes (N.B. and N.S.), 5,067,200 feet.

In addition, 164,850 feet of second grade logs were purchased in Ontario.

3. As each province uses a different scale, Veneer Log Supply Limited decided that they would apply the Scribner decimal C log rule in all cases.

4. By Veneer Log Supply Limited during its first fiscal year of operations, ending August, 1943, (a) 7,147,560 feet of standard quality veneer logs; (b) none.

Except for the period of time stated above, the export of veneer logs, if any, is not known to the department.

5. During its first year's operation ending August, 1943, Veneer Log Supply sold the following quantities of standard quality veneer logs to the companies mentioned.

Guelph Cask Veneer & Plywood Co., 1,062,570 feet.

Canada Veneers Limited, 3,073,890 feet.

Dominion Shuttle Company Ltd., 727,890 feet.

Commonwealth Plywood Co. Ltd., 2,170,950 feet.

No sales were made to the Singer Manufacturing Company in this period.

6. Prices paid by Veneer Log Supply as follows:

Quantity	Class "A": logs 14" or more in diameter, 7' and longer—per M		Class "B": logs 16" or more in diameter under 7' long; and logs 12" and 13" in diameter, 7' and longer—per M		Class "C": logs under 16" in dia. 4' 6"-6' 9"—per M	
	(1942-43)	(1943-44)	(1942-43)	(1943-44)	(1942-43)	(1943-44)
75,000 ft. or more.....	$120 00	$132 00	$90 00	$99 00	$80 00	$88 00
50,000 ft. to but not including 75,000 ft.....	115 00	126 50	86 00	94 50	76 00	83 50
25,000 ft. to but not including 50,000 ft.....	110 00	121 00	83 00	91 50	73 00	80 50
5,000 ft. to but not including 25,000 ft.....	100 00	110 00	75 00	82 50	65 00	71 50

F.O.B. cars shipping point—class "C" logs: A limited quantity will be accepted in this category at the above prices, providing they are free of all visible defects. Producers will be paid for all logs on the basis of minimum prices for each category with the understanding that, as and when shipments reach the quantity groups listed above, price adjustments will be made accordingly.

PURCHASE OF LAND FOR AIRPORTS

Mr. DIEFENBAKER:

1. Has any purchase of land been made for airport purposes since the 1st of January, 1943, at the following centres, Vancouver, Edmonton, Regina, Winnipeg, and Malton?

2. If so, what are particulars of each purchase, including number of acres and price per acre?

Mr. CHEVRIER:

1. Yes, at Vancouver, Edmonton and Regina, but not at Winnipeg or Malton.

2. See statement below.

Acquisition of Land since January 1, 1943

Name	Area	Amount	Remarks
Edmonton—			
Crown Paving Co Ltd	11 sub lots	$ 5,400 00	Release of leasehold interests.
F. W. Lobb	1 sub lot	2,000 00	Includes removal of buildings.
J. M. Duncan	1 sub lot	200 00	Release of leasehold interest.
E. E. King	1 sub lot	1,500 00	Includes removal of buildings.
M. A. Mitchell	1 sub lot	1,700 00	Includes removal of buildings.
S. A. Mills	1 sub lot	800 00	Includes removal of buildings.
L. McVeigh	1 sub lot	1,200 00	Includes removal of buildings.
A. L. Young	1 sub lot	2,000 00	Includes removal of buildings.
M. E. Tull	1 sub lot	1,050 00	Includes removal of buildings.
H. J. Marks	1 sub lot	1,200 00	Includes removal of buildings.
E. A. Burgett	1 sub lot	925 00	Includes removal of buildings.
L. & M. L. Lachman	2 sub lots	1,500 00	Includes removal of buildings.
E. E. George	2 sub lots	300 00	Includes removal of buildings.
A. & R. Wilkie	1 sub lot	650 00	Includes removal of buildings.
Vancouver—			
E. Cooney	0·71 acs.	449 90	Includes loss of crop.
B.C. Bridge & Dredging Co	0·46 acs.	23 00	
J. J. Grauer & Sons, Ltd	1·01 acs.	800 00	Includes loss of crop—severance.
J. Williamson	65·34 acs.	26,986 00	Includes loss of rental and damages —rate $400 per acre.
W. A. Hayward	45 acs.	40,000 00	Includes buildings.
J. & A. G. Boyd	0·6461 acs.	2,270 00	Includes loss of crop and severance.
E. G. Sherwood	0·182 acs.	91 00	
E. G. Donegani	0·3162 acs.	1,960 00	Includes damages and depreciation.
Regina—			
Rural Municipality of Sherwood	16 sub lots	81 05	
J. Simpson	3 sub lots	75 00	
W. C. Faulkner et al	14 sub lots	200 00	
A. Leinweber	5 sub lots	125 00	
A. MacBeth	Appr. 158 acs.	6,500 00	Exchequer court award.

FREQUENCY OF CREAM COLLECTIONS, QUEBEC AND ONTARIO

Mr. FRASER (Peterborough West):

1. How often are the Quebec creameries allowed to collect cream from the Quebec farmers?

2. How often are the Ontario creameries allowed to collect cream from the Ontario farmers?

3. Is there a difference between the collection by Quebec and Ontario creameries? If so, why is there this difference?

4. Do any Quebec creameries collect cream in Ontario?

5. If so, how often do they collect cream in Ontario?

Mr. ILSLEY:

1. Three times weekly during months of June, July and August, twice weekly during May and September, and once weekly from October 1 to April 30, both inclusive. (Due to road conditions, collections in many Quebec areas are suspended, or made only intermittently, during most of the period last mentioned).

2. With minor exceptions, twice weekly from July 3 to August 26, three times every two weeks from May 1 to July 2 and from August 27 to September 30, and once weekly from

October 1 to April 30. Exceptions are collections made on behalf of creameries serving two sparsely settled communities in northern Ontario and one in northwestern Ontario. In these, collections are permitted as often as twice weekly from May 1 to September 30 (once weekly during the balance of the year) for reasons indicated in the reply to question No. 3.

3. Yes. The maximum frequencies authorized for the collection by truck of churning cream at different seasons in Ontario and in Quebec (under the provisions of Administrator's Order No. A-533 of the Wartime Prices and Trade Board) have been governed by the frequencies found to be required in order to prevent deterioration of the product and, in turn, largely by the extent and effectiveness of farm cooling facilities available generally in the respective provinces. Experience has shown that on this basis the more frequent collections permissible in Quebec than in Ontario during the months of May to September, both inclusive, are necessary, and that currently authorized maximum collection frequencies in Ontario are adequate. Recently as a result of weather conditions, an increase was authorized in the maximum frequency of collections of churning cream in Ontario generally during the period July 3, 1944, to August 26, 1944, from three collections every two weeks (as in 1943) to two collections weekly.

4. A very small number of Quebec creameries situated near the interprovincial boundary have been authorized to collect cream in nearby Ontario areas, but only over routes served by them before the controlling order became effective (January 1, 1943). The volume of such collections is relatively insignificant.

5. Such Quebec creameries are permitted to collect cream in Ontario. No more often than Ontario creameries operating in the same areas may collect in that province, as set out in the reply to question No. 2.

QUESTIONS PASSED AS ORDERS FOR RETURNS

SEED GRAIN

Mr. PURDY:

By provinces, what has been the cost to the federal government (including unpaid balances outstanding) for seed grain during the past twenty years?

TERRACE, B.C., AIRPORT

Mr. BRYCE:

1. Has a hardware store operated by E. T. Kenney, at Terrace, B.C., supplied stores to the airport at Terrace?

[Mr. Ilsley.]

2. If so, what amounts have been involved in the supply of such stores?

3. Were such stores supplied on a commission basis and, if so, what amounts were involved in commissions?

4. If such stores were not supplied on a commission basis, on what basis were they supplied?

HEMLOCK AUTOMOTIVE CRATING

Mr. COLDWELL:

1. How many carloads of hemlock automotive crating were shipped from British Columbia into Ontario for the automotive crating trade in the first five months of 1944?

2. How many carloads of hemlock, from what mills, and what quantity from each of the mills was supplied in the above period?

3. What are the names and numbers of cars of hemlock and fir received by each motor company or box factory in Ontario in the above period?

4. Is it on record in any government department that the Coast Sawmills Limited is affiliated in any way with H. R. MacMillan, or the H. R. MacMillan Export Company?

5. Is Mr. K. M. Brown, the present deputy timber controller, on loan from Coast Sawmills Limited at $1 per year, or is he paid by the government? If so, what is his salary?

6. Is Mr. A. G. Wilmot, automotive crating director, paid by his own company, Canfield-Wilmot, or paid by the government? If he is paid by the government, what is his salary?

7. Are there any government records showing that Canfield-Wilmot or Coast Sawmills Limited received any commissions or remuneration on any of the hemlock automotive crating shipped in the first five months of 1944? If so, on how many cars did each company receive commission or earnings?

8. Is a complete record of all lumber shipped in Canada kept by the timber control office so that the above information must be a matter of record and not difficult to produce?

9. How many cars of merchantable spruce lumber were shipped from Quebec, New Brunswick and Nova Scotia to the United States in the first five months of 1943?

10. Are hemlock boards 1⅛" thick still being shipped to the automotive trade in Ontario from British Columbia? If not, why was shipment stopped?

11. Were 1⅛" hemlock boards costing the box and motor companies approximately $50 or more per thousand delivered in the above period? Was this approved by the controller?

12. Were a large quantity of these boards green and wet, and about how much of the $50 cost was allowed by the controller for extra freight?

13. If $50 was not the delivered cost, what was the approximate delivered cost?

14. Was the ceiling price of eastern spruce 1⅛" boards delivered Toronto, Ontario, in above period, $41.50 plus overweights of about $1.50 per thousand feet, making the delivered cost not more than about $43 per thousand on a Toronto freight rate?

15. Were there any protests registered to the Department of Munitions and Supply or the timber controller by the box companies or the government inspectors, or any one else against

the use of hemlock boards in automotive crates in the last five months? If so, give details and names of those protesting.

16. Are automotive boxes made from this hemlock causing trouble and have they deteriorated? Are hemlock boards still being shipped as automotive crating?

17. Is some of this replacement and repair work being done by ordnance at Longue Pointe, Quebec? Is it being done at any other depots?

18. Has the transport controller or any other controller protested to the Department of Munitions and Supply or any other department of the government about the unsatisfactory condition of these hemlock boxes? If so, give particulars.

19. If these hemlock boxes are already giving trouble, what does the department anticipate their condition will be if they are exposed to sun and rain for another ninety days?

20. What will be the cost of re-crating or repairing these hemlock boxes; how much has been spent to date, and what expenditure is anticipated this year to re-crate this material so that it can be shipped to the war theatres?

21. Has Mr. A. G. Wilmot, automotive crating controller, resigned? If so, who has been appointed in his place, and what are his qualifications, or why was he appointed?

22. Have any of the automobile companies asked the government or the timber controller to allow them to nominate a man from the lumber purchasing department of one of their automobile companies to act as automotive crating director to replace Mr. A. G. Wilmot?

23. Have any of the lumber companies interested in supplying automotive crating made any recommendations to the Department of Munitions and Supply or the timber controller in the past year and a half with regard to the selection of the automotive crating controller? What was this recommendation, and was it considered?

24. Was any suggestion made to the timber controller or the Minister of Munitions and Supply in writing by any company in the lumber business with regard to the resignation of the deputy timber controller, K. M. Brown, or the appointment of his successor?

WHEAT—PARTICIPATION CERTIFICATES

Mr. HANSELL:

1. Have the participation certificates been paid for the wheat crop years 1940-41, and 1941-42, and 1942-43?

2. If not, would the government give the reason for the delay?

3. For the purpose of income tax, is money received by farmers by reason of participation certificates, considered to be part of the income for the year in which the payment is made?

4. If so, has the government considered it advisable to make suitable adjustments to have these payments considered to be income for the crop years to which they apply, and, when does the government expect to announce their decision in respect to this?

FLAX PROCESSING—PRAIRIE VEGETABLE OILS LIMITED

Mr. BENCE:

1. What assistance, if any, was given by the dominion government to Prairie Vegetable Oils Limited of Moose Jaw, Saskatchewan, with respect to the construction of a flax processing plant at Moose Jaw, Saskatchewan?

2. From what source did the said Prairie Vegetable Oils Limited obtain the machinery now being used at its plant in Moose Jaw, Saskatchewan?

3. What permission, if any, was given by the dominion government, with respect to the importation of such machinery?

4. Who is the president and/or managing director of the said company?

FLAX PROCESSING—W. R. CARPENTER (CANADA) LIMITED

Mr. BENCE:

1. What assistance, if any, was given by the dominion government to W. R. Carpenter (Canada) Limited, with respect to the construction of a flax processing plant at Hamilton, Ontario?

2. From what source did the said W. R. Carpenter (Canada) Limited obtain the machinery now being used at its plant in Hamilton, Ontario?

3. What permission, if any, was given by the dominion government, with respect to the importation of such machinery?

4. Who is the president and/or managing director of the said company?

PROCESSING OF VEGETABLE OIL BEARING MINERALS—VICTORY MILLS LIMITED

Mr. BENCE:

1. What assistance, if any, was given by the dominion government to Victory Mills Limited, Toronto, in connection with the construction at Toronto, Ontario, of a plant for the processing of vegetable oil bearing materials?

2. From what source did the said Victory Mills Limited obtain the machinery now being used at its plant in Toronto, Ontario?

3. What permission, if any, was given by the dominion government, with respect to the importation of such machinery?

4. Who is the president and/or managing director of the said company?

IMPORTATION OF POTATOES FOR STARCH MANUFACTURE

Mr. HANSON (York-Sunbury):

1. What quantity of potatoes were imported from the state of Maine through the port of St. Leonard, New Brunswick, during the months of March, April and May, 1944?

2. Were any of these potatoes manufactured into starch, and were they imported for that purpose?

3. If so, and to the extent that such potatoes were manufactured into starch, who manufactured them and at what plant?

4. Was the approval of the Minister of Agriculture secured before such importation took place?

5. Did the Minister of Agriculture for New Brunswick request or seek such importation?

CANADIAN ARMY

CLOSING OF BRANDON TRAINING CENTRE AND ALLEGED DESTRUCTION OF EQUIPMENT

On the orders of the day:

Hon. J. L. RALSTON (Minister of National Defence): On June 26 the hon. member for Brandon (Mr. Matthews) stated, as appears in *Hansard,* page 4145, that it had been brought to his notice that on the closing of the A-4 training centre in the city of Brandon a large amount of surplus supplies were destroyed instead of being sold for salvage or turned over to citizens who could use them. I advised the house at the time that inquiries in the matter would be made forthwith.

I now want to say that a very full investigation has been made. Statements have been received from officers concerned with the disposal of the supplies. Colonel W. G. B. Dailley, the chairman of the army salvage and disposal board, proceeded to Winnipeg and to Brandon, where he interviewed not only officers concerned but also a number of civilians who were mentioned as being critical of the manner in which the surplus supplies were dealt with.

The supplies disposed of were barrack stores consisting for the most part of earthenware, enamelware, and retinned mess-hall and kitchen utensils. All serviceable and non-serviceable stores which could be repaired or had salvage value were first gathered together and turned over to a central point for storage and shipment to ordnance. All stores considered to have no salvage value, such as plates, cups, saucers, enamelware, garbage pails, brooms, brushes, et cetera, were then gathered together in central locations throughout the camp for final inspection and disposal. They were then examined piece by piece by an officer and non-commissioned officers and a decision reached as to whether they were fit for further use or worth the cost of their return to ordnance in Winnipeg.

A total of 3,343 articles, having an original value of $2,169, were condemned and destroyed out of a total of 34,712 articles returned to ordnance by the units concerned, having a total original value of $45,338. This represented 9·6 per cent by number and less than five per cent by value. Approximately eighty per cent of the stores condemned and destroyed were enamelware articles, which had been condemned by the medical authorities.

The articles destroyed were put on the city dump and not sold as salvage because their value as scrap in the location where they were was considerably less than the cost would be of the handling of them and the freight for their transportation to any place where they could be sold. The army authorities examined the articles carefully and took every precaution to save any which were reparable.

I should point out that articles which might appear suitable for civilian use on a cursory examination might nevertheless be properly condemned for military use under army regulations in the interests of the health of the troops, and of the health of civilians as well for that matter.

I am satisfied there was no breach of regulations or any waste of army property in the action taken at Brandon.

CLOTHING ALLOWANCE TO DISCHARGED PERSONNEL

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I wish to ask the Minister of National Defence a question arising out of a return filed on May 18 as to the sufficiency of the $65 clothing allowance. Has anything been done since then? Returned heroes are going around in winter clothing.

Mr. RALSTON: As I stated before, the matter is having consideration along with a number of rehabilitation measures, and I think an announcement will be made with reference to it, along with these other matters.

LABOUR CONDITIONS

ACADIA COAL COMPANY—ALLEGED CHANGE IN WORKING CONDITIONS WITHOUT CONSULTATION WITH UNION

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): I desire to direct a question to the Minister of Munitions and Supply, based on a telegram received from the board member of the United Mine Workers of America, at New Glasgow, Nova Scotia, to the effect that miners at the Allan shaft, Acadia Coal company, have been notified by the management that working conditions have been changed, without consultation with union officials. This constitutes a violation of contract on the company's part. Miners are idle, protesting against this action by management. Is the department aware of this situation? If so, what steps are being taken to avoid serious loss of production?

Hon. C. D. HOWE (Minister of Munitions and Supply): Mr. Speaker, this would seem to be a labour matter, as the question refers to an agreement between a union and a private firm. I suggest that my hon. friend direct his question to the Minister of Labour.

Mr. GILLIS: Yesterday when I received this telegram I took the matter up with the Department of Labour. So far as that department is authorized to do so they are handling that end, but they advise me that the matter of production is one which comes within the province of the Department of Munitions and Supply and that I should raise it there.

Hon. HUMPHREY MITCHELL (Minister of Labour): I think it should be said that this is a normal industrial dispute. I say on my responsibility as Minister of Labour that immediately we had the notice of this dispute one of our senior conciliators got in touch with the parties concerned. That is the normal proceeding; it happens almost every day of the week, although people do not always go on strike; sometimes we can get in before they walk off the job. Hon. members can rest assured that everything that can be done is being done by the conciliation branch of the Department of Labour to get the men to go back to work and resume normal operations.

WHEAT

ISSUE OF CHEQUES FOR PARTICIPATION CERTIFICATES

On the orders of the day:

Hon. T. A. CRERAR (Minister of Mines and Resources): A few days ago the hon. member for Lake Centre addressed a question regarding what he stated was delay in the issuance of participation certificates covering the balances coming to farmers in western Canada. I told him that I would get some information upon it.

I find that the matter was under consideration in the committee of agriculture when the chairman of the wheat board appeared before that committee on June 28, and Mr. McIvor gave a full statement about it. Any supplemental information I have simply indicates that the cheques are going out as rapidly as possible. Something over 100,000 cheques have been issued, and the rest are going as quickly as an office force, which I understand comprises 200, can get them ready to be sent out.

HOUSING

EVICTION OF SOLDIERS' FAMILIES—NOTIFICATIONS TO VACATE

On the orders of the day:

Mr. LIONEL CHEVRIER (Parliamentary Assistant to the Minister of Munitions and Supply): On the orders of the day of June 30 the leader of the opposition (Mr. Graydon) asked a question based upon a press clipping which he was good enough to send me. The question was whether or not in a particular industry families of war workers who had enlisted for overseas service had been evicted by Wartime Housing Limited. The answer to the question is no. It is not the policy of Wartime Housing to evict families of war workers who have enlisted for overseas service or who have been called up for military training. In fact, the officials of wartime housing with whom I have been in communication inform me that they know of no case in which war workers enlisting for overseas service under these circumstances have been evicted from any of their units. The policy in fact has been quite the contrary. At Welland, which was mentioned in the press clipping, there are at the moment twenty-eight soldier families now being housed, who are living in those units.

Mr. GORDON GRAYDON (Leader of the Opposition): May I point out to the parliamentary assistant that this particular matter was raised, I believe, by the mayor of the municipality of Welland. He was the person who made the statement. Will the department consider communicating with the mayor to clear this matter up? He is an important and responsible official, and the statement having come from him at a convention of municipalities, it seems to me that the matter should not be allowed to drop just there.

Mr. LOCKHART: Arising out of the statement made by the parliamentary assistant, may I ask whether the policy of notifying soldiers' wives to vacate has been discontinued? If the parliamentary assistant wishes to know of cases where they have been notified to get out and where pressure has been brought to bear upon them, I can give him information. There must have been a change of policy.

Mr. CHEVRIER: I know of no case where notices have been given by Wartime Housing Limited to families of soldiers who have enlisted for overseas service or have been called up under the regulations.

Mr. LOCKHART: At any time?

Mr. CHEVRIER: I am informed by the officers that there are no cases where notices of eviction have been given. If my hon. friend knows of some I shall be glad to take them up.

Mr. LOCKHART: I am not speaking of eviction, but of definite notices to vacate. I did not say they were evicted, but I want to know whether the policy has been changed in regard to notifying them that they are expected to move out.

Mr. CHURCH: The Minister of Munitions and Supply will have on his hands a serious situation in housing next fall all over Canada unless something is done right away.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Wednesday, July 5, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the proposed amendment thereto of Mr. Rowe.

Mr. G. H. CASTLEDEN (Yorkton): I wish to refer briefly to certain clauses in the budget which to our group are objectionable, and in a general way to point out wherein the 1944 Canadian budget has failed to meet the needs of 1944 Canada, which is looking to the future.

It is just a month ago to-day that the allied forces swarmed across the English channel to the Cherbourg peninsula and there established themselves on what appears at the present time to be the prelude to victory. The price is being paid to-day, as it has been paid by Canada for a number of years. The constantly increasing lists of casualties which reach our desks daily keep Canada informed of the price she is paying—the price which the common people of this country are forced to pay in order to establish and maintain peace and a hope for the common man in the future of the world.

There are evident now some very broad shapes of things to come. Some of them are these. Among the victorious allies there is a determination that a return to some of the old things of the world as we knew it must never be permitted. The dead past cannot return. To-day the common man is on the march to a better world. It is only natural that this war should bring about some great changes in the thinking and demands of the people throughout the world. In the first place, we have to remember what the world has suffered in the past fifteen years—first, ten years of a devastating depression, and then five years of a devastating war. The impact of these two events upon humanity throughout the world, and the constantly improving conditions and facilities for communication between different parts of the world, must of necessity bring about some change in the thinking of people everywhere. We do not condemn the budget as a war-time measure in support of the war; we are all solidly behind it; but we do condemn its failure to look forward to the needs of the people of Canada who are and have been suffering for the past two decades.

The common man as he looks over Canada's budget in 1944 is impressed by one or two things. Number one is that he sees his pay envelope with fewer deductions from it, but he knows that this means greater victory loans. One thing that does alarm him, however, is the constantly increasing national debt. We are not paying for the war. It will have to be paid for in the period that follows the war. Therefore we believe that this budget should have given some vision and some hope to the people that plans are being made now to make it possible for Canada to carry the load.

Prior to this war the national debt of approximately three billion dollars taxed the capacity of Canada's national income to carry it. Year after year we were borrowing money to pay interest on that debt. The debt was constantly increasing. I had hoped that the Minister of Finance, before he completed his discussion of the budget, would outline to the Canadian people what plans he has under the economy which he supports to take care of post-war financing the war and paying for it. Or are the Canadian people to expect a return to the excuses handed out to them following the last war? We are told that there is no money for social reform. "If you must enjoy the luxury of war, you have to pay for it." As one member of a delegation appearing before the reconstruction committee said, referring to paying for war, "If you are going on a spree, you must expect a headache to follow." We were told that we could not have security because of the great debt we had incurred. We feel that the budget of 1944 has failed because it has failed to meet that particular demand. The Canadian people are looking forward to something better than they had in the pre-war days.

What is the story of Canada? Seventy-seven years ago on July 1 last Canada was formed into a confederation. It was the richest land for its population, in the world. The comparatively few people in it have nearly half of the north American continent with all its vast resources. The governments of this country were entrusted with the job of developing those resources—for what purpose? Surely the first purpose should be to supply the needs of the people in this land, to provide our people with the things that they require for decent living. Can anybody in this house maintain that they have succeeded in that? They have given away the resources of this country, largely to private industry, in many cases to monopolistic industry. All the Canadian people have asked is that they be given the opportunity to work in the factories and plants of industry to develop the resources, and in return for that labour be provided with an income with which they can supply themselves and their families with a decent living. In spite of the fact that these industries have our resources, large deposits of coal, nickel

and other minerals, the vast resources of water-power, vast forest resources, the wealth of Canada from one end to the other, the economic organization of this country has failed to provide the Canadian people with the bare requirements essential to enable them to attain a decent living standard.

Mr. REID: It is on a much higher level than that of any other country.

Mr. CASTLEDEN: Tell that to the millions of people who were on relief in Canada in 1937.

An hon. MEMBER: Take some other period.

Mr. COLDWELL: Take it for ten years before the war.

Mr. SPEAKER: Order.

Mr. REID: Stand up and say it.

Mr. CASTLEDEN: How about doing that yourself?

Mr. REID: I will.

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

Mr. CASTLEDEN: I am making my speech now. I listened to you making yours and I did not interrupt. If I have time before my forty minutes are up I will permit questions from the hon. member.

Let us look at the 1944 budget and find out what has been done with regard to certain concessions to industry which operated in this country prior to the war. I refer hon. members to page 4181 of *Hansard* of June 26. I should like to read to the house a portion of the first paragraph on that page. It is as follows:

> The proposal is that one-half the expenditure on maintenance and repairs, incurred in a period to be fixed by the governor in council, may be charged against the income of a previous fiscal period but not farther back than the fiscal periods ending in 1943.

The next sentence is particularly significant:

> In the case of the mining industry, maintenance and repairs will be held to include also underground development work.

With regard to income tax, that means the mining industry of Canada are going to be permitted to charge one-half of the expenditure of underground development against their income. Notice that the governor in council is given the power to determine the particular period. Order in council government has certainly reached dangerous limits in this land when the budget turns over to the governor in council the right to determine the period, and later on what particular areas, shall be affected with regard to oil development. This is the kind of thing which Canadians would do well to watch and curb.

The next paragraph affects practically all industries in Canada. This is what the budget says when referring to research work:

> The classes of expenditure for research are not allowed as an expense of doing business: capital expenditures such as for laboratories, pilot plants, et cetera, and current expenses for research which are not directly related to the firm's immediate production activities. It is recommended that these limitations be removed and that all expenditures on research be allowed in the year of expenditure and that research expenditures of a capital nature be written off as an expense over a period of three years.

In effect, that means that industry can carry on research and charge the cost of it back as a part of the expense of doing business, and thus reduce their taxable surplus. In other words, it means that to a large extent, the Canadian taxpayer is to pay for the research, but will get nothing out of it. Industry will gain all the benefits of the research. It will not be available to the people of Canada except that they have to pay through industry for the price of the commodity. It means that the benefit of scientific and technological development will go only to those who have the power to continue their exploitation of the people.

Mr. HOMUTH: No; that is not fair.

Mr. CASTLEDEN: The results of scientific research in Canada will become the property of that particular industry. They will put the cost of it in the price of the commodity, and if the people can afford to buy it they will pay for it. If they cannot afford to buy it, they will not get it.

Mr. HOMUTH: That is a most unfair argument.

Mr. CASTLEDEN: The costs of research are now charged as a part of the operation of business, thereby reducing the taxable income of the companies.

Mr. HOMUTH: No.

Mr. CASTLEDEN: That is according to the budget. You may read it yourself.

I should now like to refer particularly to what is said about the oil industry. I refer hon. members to page 4183 of *Hansard* where the following appears:

> The budget resolutions therefore include a recommendation to provide a tax credit of fifty per cent of the cost of any well drilled in the selected areas and spudded in between June 26, 1944, and March 31, 1945, if such well proves to be unproductive. This tax credit will be allowed only with respect to projects recommended by the Minister of Mines and Resources and approved by the governor in council.

Again special consideration is to be given to those particular cases which are recommended by the Minister of Mines and Resources and approved by the governor in

council, and the special prospecting grants with regard to which a tax credit has been given are being extended for another year to the prospecting syndicate.

Mr. HOMUTH: Whose money goes into it?

Mr. CASTLEDEN: The tax exemptions are there, but the company makes the profit. It really means in the end, so far as such concessions are concerned, that private and in many cases monopolistic industry in Canada, dying of its own selfishness, now bleeds the public treasury to prolong its life and increase its power to exploit both Canada and Canadians.

Mr. GIBSON: Do you object to the encouragement of oil production?

Mr. CASTLEDEN: I do not think that the big oil monopolies of the world require any special concessions such as they have had in the past, particularly through orders in council of this government. Most of the oil companies are well able to take care of themselves. I do not see why special concessions should be granted to them. So far as this budget is concerned there is no indication as to whom the concessions are to go, to the small man or to the big man.

Mr. HOMUTH: Well, you have reduced wages in Saskatchewan already.

Mr. CASTLEDEN: There are indications that we have need of a budget which will provide for the economic and social welfare of the people before consideration is given to these rewards to capital. The health, education and well-being of the Canadian people should take precedence over the dividends paid to shareholders. Surely the Canadian economy can be so organized that our people will not be forced to stagnate under a system of private enterprise which recognizes no social responsibility and operates only to the extent to which it can extract profits.

The Canadian people were looking for something more than this in the budget of 1944. They were looking for something that would curb the powers of those people who in the past have done so well at the expense of the worker and the common man. The great Canadians of to-day should receive first consideration in any budget, and by great Canadians I mean those who have laid down their lives in this world conflict; I mean the wounded who are returning to us in increasing numbers; I mean the soldiers who have done their bit and are being brought back to this country; I mean the men and women in khaki, the fathers and mothers, the wives and sweethearts of our soldiers, some of whom have lost their dearest and best in this war. I refer to the workers in the factories and fields, to the toilers who produce the wealth of the nation. What do those people want? What do they ask for to-day? Were the wants, the hopes and aspirations of these people in the minds of those who framed Canada's budget? I do not think so. Surely the sacrifices they have made deserve more than the hopelessness of the past, the low wage standards, the want, the slum conditions, the low educational standards, the denial to our young people of the right to live, the right which was denied them in the era to which hon. gentlemen to my right refer. Shall the Canadian people beg of industry the right to toil at low wages? Shall the farmer and producer continue to beg for a decent return for his products from monopolistic processors and those who purchase the products of their toil? Shall the consumer be compelled to continue to pay toll to those who control the very necessities of life?

The economy of Canada should be so arranged that there would be no scarcity in this land. Leisure could be used for recreational and cultural development.

Let me outline a typical project which might be undertaken at a time like this if there was any assurance that the necessary money would be forthcoming, that the economy of this land would be so changed that we could afford it. We have now something like 32,000 women in the armed forces of this country. When the war is over a large number of these women will be looking for a place in our economy. From that group of women we could develop a force of trained, experienced social service workers who could go into all parts of Canada and assist in instituting a health programme, in educating our people in the standards of nutrition; in carrying on cultural activities in various community centres; in bringing the story of our great Canadian national life to all parts of the country, promoting national unity and giving people all over Canada an opportunity to give expression to themselves in the work they do. But if the 1944 budget is any indication, I am afraid Canada will not be able to afford that.

In this very city we have an example of what can be done in a democratic way by a group of enterprising people. I refer to a voluntary organization known as the Civil Service Recreational Association. Hon. members would be well repaid if they would take the trouble to look into what these people have done in order to enlarge the lives of those people who otherwise would be limited to humdrum office work. Now they have

recreation; they have cultural activities; they have choirs and music; they have drama; they have sports and recreational activities of all kinds, almost one hundred in all. Many of them have discovered within themselves talents they never knew they possessed.

The Canadian people live to a great extent in frustration because of a lack of opportunity; throughout their lives they are forced to conform to a particular design, sitting behind a desk with no other means of expression.

Mr. REID: They should take up the bagpipes.

Mr. CASTLEDEN: I was speaking of music.

There are signs that the Canadian people will no longer tolerate what has gone on in the past. The other day the hon. member for York-Sunbury (Mr. Hanson) said that the leader and members of this group had started something they could not control. I should like to take a few minutes to outline just what we have started. I think perhaps the hon. gentleman's remarks arose from his regret that we had started something that he and his party could not control.

In 1932 and 1933 this party started a truly democratic people's movement in this country. The Cooperative Commonwealth Federation is an example of the real, democratic operation of a party. In any small poll or community in Canada a group of people may meet to discuss the problems of the country, and they join the Cooperative Commonwealth Federation. They send their delegates to the provincial convention, which is held every year. To this convention come representative workers, farmers, business men, doctors, teachers, lawyers and people from every walk of life. There they draft the programme, the policy and the philosophy of the C.C.F. party. At the annual convention these people chose their leaders democratically, and these leaders—

Mr. CLEAVER: How is that different from any other party?

Mr. SPEAKER: Order. I must remind hon. members that these interruptions are not permissible except with the consent of the hon. gentleman who is speaking.

Mr. REID: I was interrupted all the time I was making my speech.

Mr. CASTLEDEN: These interruptions do not bother me, Mr. Speaker.

Mr. SPEAKER: Hon. members must not interrupt the hon. gentleman without his permission. He is entitled to proceed with his remarks unless he indicates his willingness to answer any questions.

Mr. CLEAVER: The hon. gentleman has said he does not mind interruptions.

Mr. COLDWELL: The other evening, Mr. Speaker, you named an hon. member for continually interrupting.

Mr. REID: I rise to a point of order. I am not to be referred to in the same manner as the hon. member who was named the other night.

Mr. CASTLEDEN: The point of order having been settled, I shall continue. This movement, which hon. members are afraid we cannot control, holds also its biennial national convention. Executive leaders are chosen at each convention. There are executives and councils in the various provincial parts of this movement across Canada. I say there is no more democratic political party in existence in Canada. There are those who would like to control democracy. We want to see democracy controlling governments, and government by the people of Canada.

The common man in Canada to-day is aroused. He is determined that social well-being shall come first. Health, education and human welfare are to be the first aims and objects of the industrial life and political organization of this country. If private profit prevents well-being, then I say it should be replaced by a democratic and cooperative organization in society where service shall replace selfishness, as an expression of life.

May I say in closing that there are indications that the march of the common man is not confined alone to Canada, nor is it confined to the British empire. There is to-day the sound of the feet of the "common man" on the march, in his demand for a true recognition of the rights and importance of those who toil. It will not be denied. I condemn this budget as being reactionary. It may be Canada's last reactionary budget.

Mr. RALPH MAYBANK (Winnipeg South Centre): Mr. Speaker, the remarks I wish to make this afternoon are suggested to me by three other speeches made in the house. I refer first to the speech of the Minister of Finance (Mr. Ilsley) in introducing the budget, and next to the criticism of the budget by the nominated critic of the Progressive Conservative party. I should like also to make some observations upon the speech delivered a few days ago by the hon. member for Vancouver-Burrard (Mr. McGeer).

I would say in the first place that, all things considered, in such times as these the budget is a good one. Pretty nearly everything possible by way of ameliorating conditions has been done—perhaps not everything, but the adjustments are many, and they are welcome. We cannot have, nor do I think we have any right to expect, a general lowering of taxation in war time.

Despite this truth it seems to me there is running through the speeches of members of this party sitting immediately to my left, the Conservative party, a longing, a sort of homesickness for the halcyon days of the last war, when wealthy men made large profits and did not pay much in taxes. Well, that sort of thing may be desired by some; but I am convinced that it is not desired by the rank and file of the people of Canada. We do not think that belts should be loosened at this time. With men bleeding and dying on the battlefields, in the air and on the seas we all know that the Canadian people cannot let up at this time; nor do they wish to do so.

Even in war time, however, there are some adjustments in taxation which can be made. Undoubtedly there has been pressure upon some people beyond what was just and equitable. An example will suffice to show what I mean. We had girl wage earners getting as low as $55 a month. If an increase were granted making $60 a month, taxation immediately stepped in and cut down that $5 to $1.50. In a year a $60 increase would be reduced to between $18 and $20. Absenteeism and damage to production were bound to result from that sort of thing. So that for practical reasons, as well as for the sake of justice, changes which should command approval have been made.

I say at once that I prefer to have an absolute exemption with respect to taxation, not an exemption such as we have at the present time which lasts only as long as a person does not have earnings above a certain stated amount. When we have a dividing line of that kind we are bound to get too great a spread between people on either side of the taxation exemption line.

Among the sixty odd changes which have been outlined in the budget speech, I think the one respecting alimony is worthy of attention. It is more important than would appear at first sight. Some of the injustices in the law as it stood were indeed simply outrageous. I know of a man who married a woman who had two illegitimate children. It was not very long before they added to the family, called "hers", some more children called "theirs." Then they were divorced, and he was ordered to pay alimony. Later he remarried, and there was more family. Then came the taxes. Well, you can well imagine what happened. He was like the old woman who lived in the shoe, who had so many children she didn't know what to do. In his case it was that of having so many wives that he didn't know what to do; and also of having so many children that he didn't know what to do. On top of all, there were so many tax gatherers and so much taxes he was frantic. Everybody suffered. The budgetary proposal of to-day will remove such injustice, but it illustrates the nature of the change.

I now come to the criticisms of the budget offered by the Conservative party. I am bound to say that that criticism was well delivered. I remember hearing an old golfer speaking to another golfer who was looking for some praise in respect of his game. The old one said that the other fellow's stance was good That was as far as he would go. And so in this case I think we have to say that the critic of the Conservative party delivered his words of criticism in a very acceptable manner. So far, however, as the subject matter of the speech is concerned, the offering is entirely negligible. The speech was inconsistent, evasive and uncertain. Any positive suggestions are of decidedy small calibre.

So far as being evasive is concerned, let us take the position of that party on the subject of social security. In that respect they clearly evade the issue. The critic did pay some lip service to the general idea of social security. But all he offers, after opposing family allowances, is to set up a debating society to consider social security, to discuss it and to commune over it.

Their uncertainty of policy arises particularly in respect of their policy on manpower. The hon. member wants the men taken out of the army and put to work. Mr. McTague says that they should be kept in the army and sent to war.

Mr. HOMUTH: No, he did not. He would put them one place or another.

Mr. MAYBANK: The static has started again.

Mr. HOMUTH: Static is all right in the hon. member's speech.

Mr. MAYBANK: I can understand the hon. member saying that static is all right. I can easily understand that he has some love for static. However, he does not like it so much when it comes into his own speech.

Mr. HOMUTH: It went over very well, though, didn't it?

Mr. MAYBANK: No person can talk against the rumble of a truck. Mr. McTague, as I say, desires to have the men kept in the army, and sent to war. Mr. Bracken, who is the personification of uncertainty, says nothing at all. There is a well-known series of cartoons going around just now, in which the hon. member is pictured under the caption "Don't Ask Me."

Mr. ROWE: On a question of privilege, I believe I have the right to suggest to the hon. member that he is misinterpreting my statement. I did not suggest that they should be taken out of the army and sent back to the farms. I said they should be marshalled for the purposes for which they were conscripted. Therefore I say he is misrepresenting what I said. I would ask the hon. member himself whether, if the army needs men, and we have only three per cent of the allied forces, he would not agree to what I proposed that these men be sent overseas.

Mr. SPEAKER: Order. There is no question of privilege.

Mr. MAYBANK: I felt quite certain when the hon. member began, Mr. Speaker, that your ruling would be that there is no question of privilege. I am quite certain that I did not misrepresent what the hon. gentleman said, I listened to him with great care when he was speaking the other day and read his remarks afterwards. Perhaps he may not have had as much to do with the preparation of his speech as is sometimes the case with persons who deliver speeches, and he may have forgotten what its contents were.

Then with respect to the inconsistency of the hon. gentleman, first he placed his party squarely against the abolition of compulsory savings on the ground that he was opposed to inflation, but shortly afterwards he advocated a different form of tax reduction in the nature of exemptions. Obviously if there is inflation in the one there is inflation in the other. You cannot very well say that there is anything consistent about an hon. gentleman who at one moment says that you must keep spending power out of the hands of the people and keep this impost of compulsory savings upon them, and in the next breath say that you must put more money into their hands to spend by way of granting them a tax exemption.

I have said that his speech was well delivered, and I certainly stand by that; I do not want to go back on that—not one word. But when you come to consider the matter which the speech contains, it is not any wonder that Mr. Bracken hid himself away. Last year Mr. Bracken sat opposite his chosen financial critic and watched him and heard him perform. But this year, having doubtless had something to do with the preparation of the speech, it seems that he felt that he could not stick it. Consequently we had the spectacle of him avoiding his usual observation post across from his nominated chief critic and sitting away back in the farthest gallery almost hidden by a post. At that distance, far away from the eyes of the pitying people, he probably felt that his duty to his party could be made supportable.

So much for the criticisms of the financial critic of the Conservative party. At that, I have probably spent too much time upon it.

The exceptional oratory of the member for Vancouver-Burrard (Mr. McGeer) holds every person, and it is not until one shakes himself free of the thrall of that oratory that some questions and doubts begin to arise in one's mind. I thoroughly enjoyed his speech the other day, but to-day I want to ask some questions and express some doubts.

The hon. member spoke of the national debt probably growing to $20,000 million and asserted that it would be unpayable and that the interest charges would crush us. The figure of $20,000 million is his guess, his estimate only. I consider the assumption a gratuitous one. Our experience in these very heavy war years hardly warrants the statement of such a figure. True, we are piling up debt, although we pay for a big share of our expenses as we go. Our total debt rose between 1939 and 1943 from $4,700 million to $11,300 million. It seems to me that recent events on the fighting fronts justify the belief that the end is not too far away, although certainly we have no justification for softening in our attitude towards the war. The figures I have mentioned, however, show that we have a long way to go to reach $20,000 million even if we keep up the rate of debt increase of the last few years. But the burden of debt is the interest that has to be paid. The total 1943 costs in interest were $304 million. The lower level of 1939 resulted in a cost of $169 million. In the interval—and indeed for some period before 1939—we were reducing the rate of interest. The rate was reduced between 1939 and 1943 from 3·61 per cent to 2·69 per cent. In other words, interest has not risen in proportion to the total of the principal of the debt.

We have no reason for fearing that such a load cannot be carried by the Canadian people. It is all wrong to try to make people frightened about their future. As a matter of

fact, with practically all of this interest payable within Canada, the income of Canadians themselves is increased to the extent of $304 million. All this yields taxes. The actual interest load is not as great as at first sight appears.

The hon. member read a quotation from the report of the governor of the Bank of Canada, but he read only one sentence. I wish to read the whole paragraph, because it strongly supports what I have already said. That paragraph reads as follows:

> In making these comments I do not wish to suggest that public debt could be increased at the present rate for an indefinite period without placing intolerable strain on our economy.

That is as far as the hon. gentleman read. Now I will read the remainder of the paragraph:

> I do feel, however, that the war debt, and the increases which will inevitably take place for a time after the war ends, can be handled without serious embarrassment. The key to this problem, as to many others, lies chiefly in the maintenance of a high level of employment and income.

In saying that we probably would have $20,000 million of debt, the hon. member directed our attention to the fact that, immediately following the last war, expenditures were equally as high as or higher than they had been during the war years. It will help us to keep cool by recalling that expenditures right after the last war were expenditures made under conditions of a very serious inflation. The whole price structure was high, and naturally this was reflected in government expenses. High interest rates for war loans had the same effect. All this is different now, and there are many other different favourable factors.

The two things we have to guard against to protect our future are runaway inflation and a decrease in income through unemployment. Government policies have certainly been effective thus far with respect to inflation, and this is something about which we cannot afford to take a chance. Our next duty is to make sure of the maintenance of a high income after the war. The Canadian people have no need to be timorous about this. With the great backlog of purchasing desire, with the millions of things to be done in this country, with the needs of the world outside this country, and with the strength of the post-war policies of this government, we can view the future of our country not merely with hope but with confidence.

I am not at the moment seeking to rule out the ideas of the hon. member for Vancouver-Burrard. I could not do so until these ideas are clarified. I approach them, however, with caution particularly induced when I notice the use he makes of quotations. For example, the hon. member quoted a splendid and stirring passage from a speech of Field Marshal Jan Christian Smuts. I do not suppose that there is a man or woman in Canada who will disagree with what Smuts says are the needs of our situation with respect to social security and other matters. The field marshal is speaking upon an economic matter and the hon. member seems to approve the field marshal. Well, I find that his government, the government of South Africa, is financing along the same so-called orthodox lines as the Canadian government is financing, and as the British government is financing, and as most governments of the world are financing. The hon. gentleman must be a little extreme in his denunciation of the policy, in view of the fact that Smuts, of whom he approves does himself in turn approve the present day system.

But in this respect we can come much closer home. Another stirring, eloquent, inspiring passage has been read by the hon. member from an oft-quoted book of the present Prime Minister (Mr. Mackenzie King). This is followed by a quotation from a speech which the Prime Minister made. Its most significant lines are as follows:

> Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of parliament and of democracy is idle and futile.

The hon. member considers that to be sound economic doctrine. So do I. He holds the Prime Minister to be one who is deeply and keenly interested in the welfare of humanity; so do I. I think he further exhibits the Prime Minister as one who knows how, when opportunity offers, to effectuate his desires to improve the lot of mankind; so do I. Now this economic mind, the mind of the Prime Minister of Canada to which the hon. member for Vancouver-Burrard pays tribute, is in favour of the present fiscal policy of Canada. The fiscal policy of Canada is his own policy. The taxation plans of this government and the victory loan plans of this government are his. This also was the case before the war.

I have difficulty then in following the hon. member when, in one and the same breath, he extols the Prime Minister with respect to his economic thinking as well as his emotional reactions, and denounces the Prime Minister's chief economic instrument as something which is utterly without health and no good at all. An all-out attack I can understand; and I can

understand full-throated complete approval; but kicking and kissing at the same time has never been comprehensible to me.

Not merely is there a need of clearing up such ideas as I have referred to, but I think the hon. member and those who believe with him have to go farther and have to clarify a number of points before we can give a proper examination to the supposed new monetary policy. I have listened to and enjoyed a great many of the hon. member's speeches, and yet I do not exactly know what he would have us do. Generally when he finishes a speech I find something in it which is suggestive of his plan, but I have never heard a complete and a precise and a concise disclosure by him. I note his condemnation of what he calls "unpayable debt," and I note that he flays the very idea of paying interest. But negation is not enough. Until he can get down to the point of writing his own idea of a budget speech, indicating what should be done respecting war expenditures and other expenditures, and all other details in connection with government financing, I shall find it impossible to follow him because I cannot tell where he will lead.

The nearest thing to any concrete proposal upon the subject of monetary reform which I have heard was the proposal of the hon. member for Parry Sound (Mr. Slaght). I do not know whether it can be justly termed the joint idea of these two hon. members, though it seemed to me that one did support the other. At any rate, to me that proposition did not look very good. It was, you will remember, a proposal that we print a billion dollars' worth of money—some such figure—or, if not print it, otherwise create it; it does not matter whether it be done with a fountain pen or with a printing press—and use this billion dollars for paying our expenses. I say it need not have been a billion; it could be more or it could be less.

All will admit, I think, that such a plan is not new. Various countries have tried it. It must be admitted, too, that it is not without benefit to some. To me it looks like a scheme which will enhance prices, and enhance them very greatly. This would benefit somebody. It would be a benefit to a man who has something to sell; that is, it would benefit him until he had to replace his goods. It would probably benefit large mine-owners; at any rate the wealthier. But for all people below the rank of the very wealthy it would mean disaster. A sharp upswing of prices would simply result in stark, unrelieved poverty for all except the very wealthy.

If I am wrong in claiming that such a policy means higher and higher prices, I submit it is up to the advocates to show that I am wrong. This is another thing which has not yet been done.

I know it may be argued that by our controls we keep prices down at the present time and could continue to do so under such a proposed plan. But we do so, now, partly because we keep away from creating money in the manner of that proposal. Moreover, it is only because of the patriotism of our people for the prosecution of the war that controls work at all. If we should have to put up permanently with all the restrictions of to-day, life would not be worth living. There is no hope for all this fascist control in peace-time Canadian life.

Again I repeat that whatever the new budgetary policy is, it should be set forth clearly and, if possible, concisely. There is no hope of frank discussion until that is done. But in the meantime let us take stock calmly of our position and we shall know that we have no cause for fear. The Canadian people have met many complicated and difficult situations in their history, and they have not been worsted by any of them. All our history teaches us that we have a great destiny. We have evoked the admiration of every country in the world by the manner in which we have performed our tasks over the last five years. We have only to go away from home for a little while to find how good a place it is. Let us stop crying these horrendous tales of fear into the ears of people, making them uncertain about the future of the country. If there is a new money system which will make our life easier from now on, let us see it and let us learn all about it. No person is afraid to look. But there is no advantage in merely criticizing the system under which we have done the great deeds which we have done, and crying that it is all outmoded and outworn. In other words, there never was any advantage to any person in merely crying "stinking fish" on his own doorstep.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, there are two occasions during the session of parliament on which the private member has a little more latitude than usual. The debate on the budget is one of them. I am going to make a few remarks with respect to the budget, and I hope to keep within the ambit of the subject and not transgress the rules.

First, may I express appreciation of the difficult task which always faces the Minister of Finance (Mr. Ilsley) when he is preparing a war budget such as this. This is his sixth, and it is one of the largest budgets we have had. I believe however that the Minister of

Finance is most sincere, and I trust that every other member of this house is equally sincere, in his desire to devise ways and means of raising the funds that are necessary to carry the war to a successful conclusion. And after that has been done we must also find the ways and means necessary for the reconstruction that is to take place in the post-war period so that we may have something worth while to which our gallant fighting men can return. We must win this war, and there is no question about it that we are winning it. I am sure every member was pleased to listen on June 29 to the speech delivered in this house by the Prime Minister of New Zealand, who made the definite statement that the war is in process of being won. He went further and referred to the gallant part our Canadian men and women have played in the different theatres of the war, and was gracious enough to express his appreciation of the part the Canadian people have played and will continue to play in supplying reinforcements for our men, munitions, food, and so on.

This budget will furnish those provisions. That is the purpose of it, and the government will no doubt find the necessary funds. I think that we are all agreed that any sacrifice that we on the home front can make, or which we have been called upon to make, is trifling in comparison with the sacrifices that our gallant men and women have been making on the fighting front. There are some outstanding features of this budget. First of all, the overall cash requirements will be $6 billion That is more than ever before by $200 million. Secondly, there are the borrowing requirements which are set out by the minister amounting to $3,200 million. That is $320 million more than last year's, and I have no doubt that in the borrowing process the minister will find the Canadian people as keen as they have been on previous occasions, and will have no difficulty in respect of the next loan. I have no doubt the next loan will go over the top. The compulsory savings feature has been eliminated. That represents $110 million, according to the minister's statement. It will mean, I believe, that the people will have that much more money to spend, and I think it is important that if they spend it they should buy bonds. If they do so, everything will be satisfactory. But if they use the money to buy other things, it may bring about the inflation of which the minister is so fearful, and he may have a little difficulty in that regard.

There is more for mutual aid by several millions. I am heartily in agreement with that, and I think that every member of the house endorses it. We all heard what the Prime Minister of New Zealand said; we know what is taking place in connection with mutual aid supplies to Greece and others of the allied countries, and it is all splendid. I am sure that every member of the house will be willing to support that feature of the budget.

There is an amount of $200 million for family allowances. I am going to wait until the resolution is before the house before discussing the question, but I might say in passing that I could produce letters which I have received from people not only in my own constituency but in other places in western Canada. However, I will leave that until we get to the resolution.

There is little change in the income tax; where there is, it will help those in the lower brackets, and we all agree to that. Some members, one to my left especially, have based their whole speeches on the fact that farm implements are to be put on the free list. I am free to say that this may help, and it should be a help with the experience that we have had with our neighbours to the south during the war itself. I support it as far as it goes, but how far will it go? I may say to the minister that unless the import quota restriction on farm equipment is removed it will be of little value. However, there are some features of this matter to which I would call the attention of the house. First there is the ten per cent war exchange tax which is to be removed. It is a war measure, and that is all right. Then there is the seven per cent duty which is to be removed, and that is an act of parliament that could be undertaken at any time. Both these are levies at the border where the goods come in on the basis of the retail price, which is nine per cent over the wholesale price, and that should be taken into consideration.

I would point out that the total farm business in implements in Canada, both imports and domestic, shows that tractors form sixty per cent, while the total imports from the United States of implements show fifty-two per cent as tractors, coming in free of duty now. Bear that in mind. The total business, domestic and import, is sixty per cent tractors, and fifty-two per cent of the imports come in free now. Take the other forty-eight per cent of the imports of implements into Canada and you find that some of them bear a seven per cent duty, some three per cent, some nothing at all, and the average is 3½ per cent duty. What will the farmer pay? Anyone can get the figures from the bureau of statistics. The farmer spends on the purchase of implements only three and three-fifth cents out of every 100 cents he pays out in farm expenses. How much will he pay on

the forty-eight per cent that comes in from the United States when the duty is three and a half per cent? Let me reduce this matter into the language of the farmer. Take wheat. The farmer averages net $1 a bushel. There is a ceiling of $1.25, but he averages now practically $1.

An hon. MEMBER: There is no ceiling at all.

Mr. PERLEY: Yes, $1.25; that is the set price. Now, on one bushel of wheat how much will the farmer save? The duty being three and a half per cent, if out of every $1 of his expenses the farmer spends 3·6 cents on implements, on a bushel of wheat, that is a dollar's worth of wheat, the saving will be one-eighth of a cent. Therefore, if a farmer spent the returns of one thousand bushels of wheat on implements coming into Canada, what would he save? Under this budget he would save exactly $1.25. Hon. members can figure it out for themselves.

In a few respects I do not think this budget gives enough consideration to the chief industry of agriculture. True, as the hon. member for Dufferin-Simcoe (Mr. Rowe) said, the three primary industries of agriculture, mining and forestry provide the major portion of our national income. But, Mr. Speaker, I would say that agriculture is the chief one. When it is considered that one-third of our population are either on the farms or are interested in farming, and a review is made of the portion of the national income that they have received over many years, it will be found that they never received more than fifteen per cent, and in many years much less. The reason I am speaking as I am to-day is that no one can properly represent a constituency in Saskatchewan or in western Canada who does not centre his attention on agriculture. It is our chief industry. Relatively speaking a very small percentage of the funds which are to be raised by taxation under this budget will go to agriculture. We are not complaining about the amount required to win the war. Therefore, in many respects I support the amendment proposed by the hon. member for Dufferin-Simcoe. So far as the amendment affects the farmers I think it is very good.

I agree with what the hon. member for Souris (Mr. Ross) said, namely, that the farmer's income should be averaged over six years. Last year the minister said he was agreeable to three. I remember the discussion that took place. On that occasion I suggested it should be longer. I am quite frank in saying that I would go farther than either the amendment or anything that has been done by the government. I would exempt the farmers from taxation altogether.

Some hon. MEMBERS: Oh, oh.

Mr. PERLEY: Hon. members may laugh, but I shall tell them why I make that statement. I say that there is no industry in Canada that has had more years of operation that show a loss. There is no industry in Canada that is operated under more hazardous and difficult conditions than farming. If hon. members will review the income statement they will see that in the year 1942 only 1,488 farmers paid a tax, and it was the paltry sum of $100 apiece. I say, why bother with them at all? Give them some encouragement.

May I quote what I said last year, and which I wish to repeat to-day? Speaking on the budget on March 15 of last year I said, as appears at page 1239 of *Hansard*:

> I am going to offer a suggestion with respect to these farm incomes, because the tax collected really does not make it worth while bothering 750,000 farmers. I am going to suggest that the farmer, especially the farmer of western Canada, be allowed to charge as part of his operating cost a fair wage paid to his wife and daughters and young sons who help him on the farm. I am going to ask that every farmer in Canada be given exemption from the payment of income tax unless he can show $2,000 of a net income.

That is what I suggested last year. The proposed amendment of this year goes pretty nearly that far, but not far enough. I would go farther, and as I said in my final suggestion last year, I would exempt the farmer.

I now come to the important question of floor prices. The Minister of Agriculture (Mr. Gardiner) is not in his seat. He sent me a note saying that it was impossible for him to be here. I appreciate that. On Friday last I asked him a question with respect to the introduction of the bill providing for floor prices. He said that it was being prepared and would come down in due course. I say we should have had it when it was first suggested that it would be brought in. We should have had it at least two months ago, and we should be considering it along with the budget. When we get it I hope it will contain a price that is at least parity. I do not know whether hon. members know what parity means, the word has been used so often. We now have a ceiling price on farm products that is out of all reason. So far as wheat, oats and barley are concerned it should be a price comparable to that which is received net by our United States cousins; it should be comparable to that which the

United Kingdom farmer is receiving. If it is, it will be at least $1.42 for wheat alone, and perhaps nearer to $1.50.

Instead of putting on the ceiling and stopping the price of wheat to prevent inflation, as it was said, had the law of supply and demand been allowed to prevail we would have had $2 wheat before the first of January last. I hold in my hand the prices of wheat at the beginning of each month of the last six months prior to the setting of the price. It started at 99 cents and went to $1, $1.11, $1.15, and it was $1.21¾ the day the government stopped it. If it had not been stopped to prevent inflation, we would have, as I have said, $2 wheat. We shall see what the bill contains when it is brought down. I have been consistent in this house in asking for a fair price, a price comparable to the times, conditions and circumstances, and I shall continue to do so.

I should now like to refer to the wheat board report, which was tabled by the minister in March last and referred to the agriculture committee. That committee met on June 27, five months after the session commenced. We had before us the chairman of the wheat board. The report of the wheat board consisted principally of reference to the marketing of the wheat crop of eighteen months ago and some of it for two years ago. To a great extent it was of no value to us because it was out of date. Although it was of little value I am going to make a few comments on it. One or two hon. members sitting close to me sat in on that committee. The report covered the 1942-43 crop year. As everyone knows, the wheat board is the instrument through which the government markets the cereal crops of western Canada. The operations of that board affect hundreds of thousands of Canadian citizens. The act creating the board gives it wide powers. It uses those powers and, in fact, it considers itself immune from the law courts, as I may demonstrate a little later. It considers itself a sub-department of the government.

I desire to draw the attention of the house to the important part the western producer has played in the three years covered by the report. The report covered the 1940, 1941 and 1942 crops. In that time the farmers of western Canada produced a total of 1,375,000,000 bushels of wheat—new wealth. This government has not been too prone to recognize, or I was going to say, has ignored, the importance of establishing some industries in western Canada to help in the war; and when that is considered it is important to keep in mind the great amount of wheat, 1,375,000,000 bushels, that were produced by the farmers of western Canada. Of that grand total the wheat board had delivered to it some 662,402,545 bushels in the three crop years, or not quite fifty per cent. The report indicates that in handling that wheat the board built up a surplus of $39,872,275 for distribution by way of participation certificates, of which we have heard so often in this house. The Minister of Mines and Resources (Mr. Crerar) made a statement in connection with this matter only to-day. In order to be fair it must be said that this surplus has been increased by some $20,000,000 through the action of the board in setting the price at $1.25 on September 21 of last year, and in valuing the wheat of these three crop years on hand at $1.21¾ at the time the market was closed, as compared with the fixed initial price which was 70 cents for 1940, 70 cents for 1941, and 90 cents for 1942. That makes a total surplus available for distribution of about $59,000,000, and I am quite prepared to give the board credit for that.

I should like to indicate what it cost the board to handle less than fifty per cent of the crop. In the first place I would point out that the wheat board itself has at least three or four memberships on the grain exchange, so that it did not need to use the brokerage or commission firms, or even the export firms, if it had made full use of its powers. Just last night we heard the Minister of Trade and Commerce (Mr. MacKinnon) announce in a radio address that because of the tremendous increase in the work of the wheat board he has found it necessary to set up a new branch in his department, to be known as the wheat and grain branch, which will have almost complete control over the western wheat crop. Then we find that the board paid in brokerage fees some $765,578, while in storage charges it paid the staggering total of $78,027,388, of which, of course, the farmers received some $6,796,095 for the crop years 1940-41 and part of 1941-42. In interest and bank charges the board paid a total of $4,927,283, while the cost of administration during the three crop years, including office equipment, rentals and office staff, travelling expenses and so on, was $2,140,222. All these figures are taken from the report of the board, which I hold in my hand. The total of these various payments is $85,860,471, which represents the handling cost of less than half the crop, so that I think it will be agreed that the grain firms, the commission companies and the banks received an exorbitant share of the total value of the grain. Some of this money, especially the amount paid in brokerage fees, was more or less a form of relief to the commission men and brokers, who received over three-quarters of a million dollars for doing very little.

What did the farmer receive? This is the important part. Well, the farmer received some $378,250,629, on the basis of the initial prices, for the 662,402,545 bushels of wheat, which sum will be augmented, as I have said, by another $20,000,000. In other words the farmer received something like 57 cents a bushel while the total expenses I have mentioned, which are included in the handling charges, work out at about 12⅛ cents per bushel. So the farmer received 57 cents a bushel and the commission firms, banks and elevators received 12⅛ cents. It will be seen, therefore, that too much was paid for the handling and marketing of the wheat, and the farmer did not receive a fair, square deal.

I may be asked what I would do. I say there is something wrong in the handling of our wheat crop. In this connection I may say that a farmer named Oatway has sued the wheat board; the case has been appealed but the appeal court as yet has not given a decision. If I were asked what I would do, I would completely nationalize the marketing, handling, shipping, storing and financing of our wheat crop, under the Canadian wheat board. That is going a long distance, but I would set up one national organization to take control of the whole thing. That might involve taking over all the elevators. The other day it was stated in the agriculture committee that we have some five thousand interior elevators, in addition to all the terminal elevators, of which many are owned by the government. The chairman of the board estimated that these interior elevators would cost an average of perhaps $12,000 each. If they were taken over at that figure the total would be $60,000,000 but, Mr. Speaker, as I have pointed out, the firms owning these elevators were paid $85,000,000 to handle only half the crop. If the board handled the whole crop the cost of the whole elevator system would be paid in two years. Is there anything wrong with that? To substantiate what I have said I would refer to the report of the grain inquiry commission of a few years ago, in which Judge Turgeon said the grain exchange could not carry on in an emergency, that the wheat board had to be kept intact in order to take over if that should become necessary.

Last Saturday evening I listened to a radio broadcast which I wish could have been heard by every hon. member of this house. It was an address delivered by a Mr. Lincoln, who was addressing a conference in the United States on the subject of cooperation and cooperative organizations. After he concluded his remarks I heard Mr. Neil Beaton, of the Scottish Cooperative Society, also speak on the question of cooperation. Both these gentlemen laid emphasis on the importance of cooperative organizations, stating that practically every country in the world was proceeding along that line, particularly in regard to the handling of natural products. Mr. Lincoln said that this would build up a great international food supply. He pointed out that at the international food conference held last year, at which Canadian delegates attended, resolutions were passed suggesting that all the allied nations should devote their energies toward establishing cooperative organizations. He said it would build new and vital energies, and do something for humanity. I do not hear very much applause for that across the floor. If hon. members had heard those two broadcasts they would have heard something worth while.

I come now to the question of live stock marketing. Much has been said already in the debate on the subject. One hon. member sitting to my left devoted all his speech to it. I agree with much that he said, because he set out the whole mess in which the industry finds itself. I have said before—in fact I believe I was one of the first members in the house to suggest it—that we should have a board of live stock commissioners. The Minister of Agriculture (Mr. Gardiner) will be forced to do that. I would have government control of marketing and processing. Certainly I would control the Canadian packers. I would control the industry in such a way that the results would be beneficial, and would react to the profit and good of the farmers who work to produce the supply of live stock.

These are some of the points I had wished to bring to the attention of the house. I support the amendment offered by the hon. member for Dufferin-Simcoe (Mr. Rowe), a copy of which I hold in my hand. I shall not review it in detail. The amendment states, first:

> That no adequate steps have been taken to simplify the forms and modernize the methods of taxation.

Much has been said on that point, and time will not permit me to discuss it in detail. The second paragraph is:

> That no effective action has been taken to grant a measure of relief to the men and women in the lower income brackets by raising the exemption in income tax for single persons to not less than $800 per annum and for married persons to not less than $1,600.

I am in full accord with that. As I said earlier, I would go even further and exempt one class altogether. Hon. members opposite probably do not agree with my stand in this connection. But I am telling them that we are coming to it, and we are coming to it sooner than we believe.

The third paragraph is:

That no provision has been made to encourage greater war-time production by exempting overtime pay from income tax.

I believe there is nothing this government could do which would have a greater effect in stimulating the production of material and equipment for war purposes.

The next paragraph states:

That sufficient provision has not been made for the elimination of the inequities presently existing with respect to agricultural taxation.

I believe I have endeavoured to make myself clear on this point. Certainly I agree with that paragraph.

With respect to the simplification of the income tax form, I know that many people are confused beyond all measure. I myself have been confused. When making out my form I had to go down to the Ottawa office, and, I am frank to say, the officials down there did not know as much about it as did those out in Regina, where I finally got it straightened out.

I shall not take more time of the house. It has been my purpose only to bring a few matters to the attention of hon. members. I could have said much with respect to soldier settlers' debt, but the house knows where I stand on that point, because I advocated two years ago that the minister would have been away ahead if he had written it off.

I shall not discuss banking, because that matter has been discussed to some extent in committee and in due course will be the subject of discussion in the house. I shall reserve for the committee stage anything further I have to say. I hope then to be able to discuss in greater detail one or two points to which on this occasion I have made little more than a passing reference.

Mr. A. J. LAPOINTE (Matapedia-Matane): Mr. Speaker, since I have often had occasion to speak in French in the house, in the course of the few remarks I shall make to-day I should like to express myself in English.

In rising to take part in this debate I do not intend to discuss the budget at length, but I wish to avail myself of this opportunity to express my views on certain questions which I deem to be of national interest. In the first place, I want to voice my wholehearted admiration for our troops who are fighting so gallantly overseas. The signal victories won particularly in the past few weeks were achieved at the price of heavy sacrifices on the part of our soldiers, sailors and airmen. We owe them eternal gratitude for the brilliant feats of arms they accomplished and for the glory they have shed on the whole Canadian nation.

I wish to revert to a subject I repeatedly had occasion to discuss in this house. I refer to the development of the natural resources of Gaspé peninsula as a measure of post-war reconstruction. If I again bring up this subject to-day it is because I consider that the immediate after-war period will be the most propitious for the carrying out of the projects involving Gaspé peninsula, that have been urged for so long. I desire to congratulate the government warmly upon its clear-sightedness in establishing the committee on reconstruction whose object is to study various projects with a view to putting into effect a vast plan for the development of the resources our country possesses and providing at the same time against any possible unemployment crisis. The Canadian people, after having consented to all sacrifices during the war, will never again tolerate a recurrence of the misery and privations which they suffered during the crisis that followed 1929. Our country is endowed with too many resources for such a situation to recur.

Gaspesia, and especially the interior of the peninsula, constitute a region where abound varied natural resources that but await development to increase the capital and revenues of the nation. I should like to mention its far-flung forests that will soon become a total loss if they are not cut over within a short time, for they have already reached the age of full maturity. I should like to refer to its mines, its oil deposits the value of which is now established, its tillable land referred to in the following terms in a report of the geological survey dating as far back as 1883: A strip of relatively level land forms a large interior plateau and it extends probably in the vicinity of Matapedia lake as far as Gaspé basin. This plateau may cover an area of from 1,200 to 1,500 miles and a section of it is at an elevation of from 500 to 700 feet. The soil is generally of an excellent quality and its value from an agricultural standpoint is extensive. I gave particulars of these resources in a speech I had the honour to deliver in this house on March 4, 1937. The text will be found at pages 1523, 1524, 1525, 1526 and 1527 of *Hansard* of the date I have just mentioned.

Lack of communications is the barrier that has prevented the development of those resources up to now. In the course of the speech to which I have just referred I submitted to the government a five-year plan whereby the federal and provincial governments cooperating together would each spend $500,000 annually in order to establish means of communication with the centre of the peninsula, still in a wild state. These means

of communication would have consisted of a highway crossing the centre of the peninsula throughout its whole length, then a railway paralleling this highway. This railway project has been the subject of many discussions and speeches over a long term of years, going back I might say to confederation. Mr. Alfred Pelland, former publicity officer of the department of colonization, mines and fisheries, of the province of Quebec, states the following at page 8 of his book "La Gaspesie" printed in 1914:

> If the project involving the construction of a railway passing through the interior of Gaspesia is carried into effect, we will thus have another beautiful domain to offer to the tireless activity of our stout-hearted settlers.

Mr. Speaker, Gaspesia has been woefully neglected in the past by reason of the lack of interest of the various governments that followed one another. It is high time that this injustice be rectified. In passing, I wish to thank Mr. Robert Rumilly, the distinguished and widely known writer, for the interest he has shown in matters relating to Gaspé and for the economic survey he made in the country itself. In his report of this survey, dating back only a few months, he says:

> The Gaspesian problem is a manifold problem, and certain solutions depend on individual initiative, but a major solution, the establishment of avenues of communication, is the concern of public bodies.

Then he adds:

> Let us repeat that Gaspesia long remained isolated, cut off from the remainder of the country. No other province would have tolerated such a situation inflicted on one of the largest and oldest of its regions. As a matter of fact, it was the first of all Canadian regions to be discovered and the last to be served.

I should also like to thank very seriously the hon. member for Davenport (Mr. MacNicol) for the real interest which he has shown on certain occasions in our beautiful Gaspé district. I wish to repeat after my good friend the hon. member for Bonaventure (Mr. Poirier): Give us the communications and we will do the rest.

In spite of the neglect from which it unfortunately suffered at the hands of our governments, Gaspesia has shown great patience, for which it should be given credit. It has never failed, in spite of all, to respond generously to the country's appeal when it was in need. During the last war, as during the present conflict, it displayed great generosity. Thousands of its sons have voluntarily enlisted in the armed forces and are serving in the various units that are now winning immortal renown on the battlefields of Italy and France.

I should like to avail myself of this opportunity to pay a tribute of esteem and admiration to the clergy of Gaspé for their fine patriotic spirit. Several parish priests of Gaspésia were not loath, even from the pulpit, to encourage the population to support the war effort. Let us chat with Canon Victor Côté, the worthy parish priest of Matane. He will tell you how proud he is of his parishioners, of his young men who donned the uniform and who are now winning fame on the battlefields of Europe.

Far be it from me, Mr. Speaker, to break the rules of this house, and that is why I do not intend to refer to an incident which occurred outside these walls. I must say, however, that I have little sympathy for those who all across Canada, regardless of the party to which they may belong, take advantage of every circumstance to further their political ends, to the detriment of our national unity. In critical times such as these, the Canadian people must stand more unitedly than ever. While the martyred peoples of old Europe groan, and stretch toward us their shackled hands; while our brave soldiers face fire each day, and while a goodly number of them accept death so that we may continue to live happily far removed from the horrors of war, let us not offer them by way of supreme consolation the sad spectacle of our internal quarrels.

(Translation): Mr. Speaker, I would like to place on record the following verses, which Gaetan Major penned after Dieppe, and which seem to be rather suitable in the present circumstances. Many hon. members know them, no doubt, but I wish to read them for the benefit of those who have never heard them. I quote:

Peut-on songer à Dieppe et ne pas réfléchir
A tous ceux qui hélas! n'ont pas pu revenir!...
Bonheurs, espoirs, amour, ils ont tout sacrifié
Pour nous permettre à nous de vivre en liberté.

Combien de nos marins dorment au fond de l'eau
Dans ces cercueils d'acier qui furent leurs bateaux!...
D'autres ont pris leur place, au mépris du danger,
Et meurent pour que nous, nous soyons protégés!

Dans le ciel chaque jour, sans repos ni répit,
Nos aviateurs s'en vont affronter l'ennemi!...
Ils ont accepté tous de mourir à vingt ans,
Pour que nous, nous puissions vieillir paisiblement.

A l'abri, grâce à eux, nous oserions nous plaindre,
Calculer notre argent, nous lamenter et geindre?...
Pouvons-nous bien oser compter nos sacrifices
Pendant qu'eux, sans regret, pour nous sauver périssent.

Speaking to-day in this house I should like to voice all the affection I hold not only for my Gaspesian land but for the whole of Canada. I love the Atlantic coast, whence so many convoys have departed to serve overseas in order to protect us from Hitler's lust of conquest. I love the vast stretches of northern Ontario where so many of my Quebec compatriots, after leaving the shores of our great St. Lawrence river, have settled. I love, too, the fertile plains of the western provinces, Alberta with its lofty-peaked Rockies which I had occasion to admire with great emotion. And I love the sun-bathed coast of the Pacific, with its sweet-scented gardens and its snow-capped mountains. I love Canada from the Atlantic to the Pacific because all of it is my own country. Too much importance is sometimes given to the sayings of certain people in the province of Quebec who perhaps may not share my views, but I am convinced that the great majority think as I do. I hope with all my heart that the sacrifices made by all during the tragic period through which we are passing and the magnificent example which is given us by our brave soldiers on the battlefield should serve as a lesson to us.

I wish to make a suggestion which should be given serious consideration when the present conflict is over and our lads return victorious. The government should set up some kind of organization whose function it would be to study impartially the complaints of certain provinces, looking to the removal of all causes of misunderstanding. It should also take strong measures designed to put an end to the noisy activities of a small group of extremists in various provinces who specialize in stirring race hatred by constantly pouring oil on the fires.

Canada, Mr. Speaker, in developing its vast resources, has accomplished a stupendous war effort which has aroused the admiration of free peoples everywhere. When the smoke of the conflict has lifted from the battlefields, the great sacrifices this country has made will entitle it to a post of honour side by side with the great nations of the world. A great future lies in store for our country. Let us not lose the fruits of our efforts. With the help of divine Providence our sons will soon return to us, covered with glory; and each and every one should act in such a way that when they return they will find a strong, united people ready to march towards the realization of a great ideal.

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, I would first congratulate the hon. member for Matapedia-Matane (Mr. Lapointe) upon the fine sentiments he has expressed, and his just pride in the members of the armed forces from his constituency who are serving overseas. I have some knowledge of the part of the country he represents, and it deserves all that he says of it. It is a beautiful country. Before saying much about the budget I wish to take exception to some remarks of the hon. member for Vancouver-Burrard (Mr. McGeer). On several occasions he has said in this chamber that conditions between 1930 and 1935 were the responsibility of the government of the day. I would remind him and the house that if any government were responsible for those conditions it was the Liberal administration which held office between 1926 and 1930. They laid no plans to withstand the results of world-wide depression, stimulated by intense nationalism and accompanied by falling prices. As a matter of fact they did not even know in the early part of 1930 that there was any unemployment. That same year a Conservative government took office and found that no preparations had been made by its predecessor to meet the terrible situation which then confronted the country. Let me point out that Mr. Bickerton, speaking before the banking and commerce committee, said that Mr. Bennett provided the mechanism which helped to take the country out of the chaos it was in at that time. Mr. Bennett and his government were responsible for the establishment of the Bank of Canada; and Mr. Bickerton of the Federated Association of Agriculture gave great credit to that government, remarking that he did not know how this country would function at the present time had it not been for what Mr. Bennett's government did.

Our first responsibility to-day is to win the war, not only against the nazis but against the Japanese. We do not know how long it will take to do that; the time may be short or it may be long. One thing is certain, that all the money which will be required to finish the job will be willingly furnished by the people of this country. Our armed forces will not be let down, if Canadians have anything to do with it, through lack either of supplies or of reinforcements for overseas. As far as our own party and I myself are concerned we shall do our best in spite of everything to see to it that these supplies and reinforcements get overseas to our troops.

There is to-day great fear on the part of our people. They believe that the government is doing no more planning for the future than it did in the past. No wonder there is distrust and unrest. That is what is troubling our armed forces; they do not know what will happen to them when they come back.

The government has always been so full of indecision that there is much distrust in the minds of the people.

The speech from the throne is mere window-dressing; it contains all or nearly all the accumulation of progressive legislation which should have been introduced during the past nine years. The government displays the same old policy of drift and the same reluctance to do anything for fear a vote or two may be lost. So far as my observation goes the government has never done anything unless it has been forced to do so by the official opposition. For us this is a matter of pride. Evidence of its truth was furnished by a former Minister of Public Works, the hon. member for Richelieu-Verchères (Mr. Cardin). He has not changed his mind, I believe, on that point.

One could not help noting that many of the policies adopted by our party at the Winnipeg convention have been included in the speech from the throne. Provision for some of them will be found in the budget, and I congratulate the ministry upon that fact; it shows good judgment. It requires some outside force to give leadership to a government whose policies ever since 1919 have never indicated any element of leadership. Their pre-election policies appear in the speech from the throne and —now—in the budget. Throughout its war-time administration the government has had one eye on the war and the other eye on the ballot box. It has shown the same old reluctance to deal positively with matters of importance unless forced to do so, the same unwillingness to accept positive, constructive criticism from the opposition or from the public. Now that it is in need of a bait for the election, there are dangled before the people many illusory lures in the hope that they will attract some votes on this political fishing expedition. Also, in the dying days of this government, in this last and most decisive year of the war—or so the minister has told us, and we believe it—they right-about-face on the policy against inflation. This is the year of the largest expenditure in Canadian history, the year when there has been a greater demand for workers than was ever known before. The government have caused all these welts and bruises to the people of Canada by raising the bogey of inflation and committing many other mistakes. They have created dissension by their determination to fight a Liberal war; and, because the welts and bruises have not been laid on impartially, but have always been the result of political expediency, the public is resentful.

Take the enforcement of national selective service. If it had been enforced impartially on all, the people would have stood for it willingly; but when it is imposed rigidly on the willing horse in some parts, and otherwise on the unwilling, the willing horse of course resents the discrimination. However, in spite of all that, the people of this country have responded magnificently. Our voluntary enlistment has been splendid, but our call-up system has been a farce. It has not been enforced impartially. When one speaks of partiality and impartiality, can anything be more partial than the singling out of certain articles of consumption such as beer, liquor and wines? Is there impartial administration there? Why were these articles singled out to be rationed by the provinces? Why was not gasoline rationed in that way? Why was not sugar or cigars or cigarettes or tobacco singled out to be rationed by the provinces? Why should rationing be under the auspices of the provinces with all the discrepancies that have taken place in the meantime and the disunity that has been caused in this matter? I will tell you. When all the other rationing was done under the auspices of the War Measures Act an exception was made in this case, because it was obvious on the face of it that there was too much political dynamite in it, and therefore the buck was passed to the premiers of the provinces. There were too many circular letters from prohibition advocates. The Prime Minister (Mr. Mackenzie King) was afraid to face the issue, and so he escaped responsibility by putting it on the shoulders of the provincial premiers.

Our factory workers have done an admirable job not only in the factories but outside in their spare time, and our white-collar workers have also done very well indeed. Despite hardships and trying circumstances under which they have had to carry on, they have endeavoured to keep the places open for the boys who will be coming back from overseas. Many white-collar workers in my own city have been offered jobs elsewhere at higher salaries, and their salaries have been frozen. They could go over to the government departments, however, and get an increase, but in spite of that they have stuck to their guns because they wanted to help the boys who have gone overseas. Our business men also have done a wonderful job and have given freely of their time. Our farmers, too, deserve a great deal of credit. Their production has been enormous. The people's subscriptions to the victory loan have also been admirable. As the minister pointed out to-day, our effort in this regard has been magnificent. When we consider that $1,407,500,000 was raised in the last loan, it shows that our people will rise to any occasion for a good cause.

Our armed forces have been magnificent. They have had to sustain hardships and tedious waiting. Many have been away for a long time, and that is something else that I have already spoken about, because I could not see why we should retain here a home army who had nowhere to go while we have had those boys over there all these years. They might have been easily relieved by some of these 70,000 men, who could have given them a chance to get back. It is a little late now, I suppose, to urge this once more. However, our troops overseas have covered Canada as well as themselves with glory. They have made a name for this country in the world, a name which will live forever; we must never forget. But all these things have been done in spite of frustration and lack of full leadership simply because the government has had one eye on the war and the other on the ballot box.

The people have responded to regimentation and regulation. With some of the budget proposals I agree and, while I do not want to go into details, I will mention, in passing, relief from the savings portion of the tax, certain relief in connection with medical expenses, relief in connection with the blind, married persons separated, allowance for full-time housekeeper, superannuation and pension fund, payments to trade unions, relief for business to help full-time employment so that business can plan, and so on. But many of these things have been advocated before by His Majesty's loyal opposition. All through the war the opposition have advocated many of these and others as well. Take, for instance, the tax deduction for guest children. Repeatedly this government has refused to do anything in this regard, on some technicality or another, except in a few instances. Take the deduction in connection with illegitimate children, in-laws and alimony. Were these suggestions given consideration by the government? No. The public must grin and bear it because they had to be reserved as bait for the electors on the approach of an election.

Has the government policy with regard to anti-inflation been altogether sound, or has it militated against production? Has it ground down the workers in the lower brackets below the actual decent cost of living standard in many cases? Has it not been very difficult to get any relief under these circumstances? There are many illustrations of the manner in which this policy has militated against the decent standard of living of many of our workers, more especially those who were not in essential war work or who were not in a position to do war work.

[Mr. Douglas G. Ross.]

Comparisons have been given by the minister to show our taxation and the taxation in various other countries. Comparisons, of course, are odious at any time and more particularly in this case, because a comparison of taxation in other countries with taxation in Canada cannot be made unless we have the full gamut of all the taxes that are to be taken into account, both direct and indirect, provincial and municipal, and more so when we consider the cost of living in Great Britain and Australia, for example. These are compared from time to time, but you cannot make comparisons with Australia, New Zealand and Great Britain. The food may be the same or it may be different; clothing may be the same; but there is one item, more important than others as far as Canada is concerned, and that is fuel to keep Canadians warm in the winter. That has not been taken into consideration. When these cost-of-living indices are given to the people showing that this has gone up so much and the other has gone down so much, you cannot compare the cost of living in Canada with the cost of living in other countries. We have a severe winter in Canada. What family in this country can get by, even in the poorest circumstances, with less than $100 a year for fuel to keep them warm? And there are other circumstances that must be taken into account in a cold country. There is greater expense in connection with clothing; there must be more food and different kinds of food as well as more expensive food, and then there is the question of sickness. When there is sickness in Canada it takes a person longer to get better. All these things enter into the picture. One could go on at great length enumerating different items that enter into the cost of living.

Now, leaving that for a moment, another proposal of our party which has been conceded by the government is that of relief to business in the form of allowing reserves to be built up for the post-war years. There is no difference in that. The relief is there. That is to say, businesses will have an opportunity of planning for the future so that they will not go broke in the years when business is not good. If this relief were not given and they ran into a bad time they would be forced to put hundreds and perhaps thousands of their workmen out of jobs.

A great deal has been said about compulsory savings being a nest-egg and a hedge against inflation. What effect will the abolition of the compulsory savings portion of the tax have on a family in the low income brackets in so far as post-war security is concerned? The government knows as well as I do that the small

amount they will have saved up by that time will be a mere pittance and will not amount to anything. If the government wishes to do something for the low wage-earner and the people who are in poor circumstances, let them come out frankly and forget about this talk of inflation in connection with the low wage-earner. Let them come out frankly and lift up the exemption on the single man to $800 and on the married man to $1,500. After the low wage-earners have fed and clothed their families and paid their rent, the amount they will have to spend would not mean anything. As far as affecting inflation is concerned it is just the same old bogey.

The whole object of the government seems to be to keep these poor people frozen at low levels, people who are unable to make wages that are in any way comparable with those made by others on war-time jobs. If we want to be fair about this thing what we should do is put a proper floor under wages so that every person in the country would have a decent standard of living. The government have been propounding, and rightly so, their anti-inflation policy. In many respects I agree with them, but as far as the low wage-earner is concerned it seems to me that the government have built up a house of cards only to knock it down. I do not think it is necessary in this case to think so much about inflation.

The controls we have had on consumption goods have been good, although I believe they have been fairly strenuous at times. The people of Canada are quite willing to obey the law. They have a great sense of responsibility with regard to these matters, but you cannot tell the man in the low wage brackets that the few extra dollars he is going to get are going to raise blazes in this country as far as inflation is concerned.

With regard to the compulsory savings portion of the tax, the people had no faith in the fact that it belonged to them. They had nothing to show for it. It was just considered as a tax. I think the people of Canada will supplement a portion of the compulsory savings tax and buy victory bonds and stamps far in excess of what they did before, and they would do better than that if the exemptions were raised a little.

With regard to anti-inflation the government's policy has, in the main, been sound. Has it militated against production? I say here and now that it certainly has. There has been no leeway in the matter, and when it comes to asking a workman to work overtime in one of those war factories he says, "What is the use; the government gets it nearly all?" Why is this answer so prevalent? Well, I will tell you. He sees hundreds of workmen idling around in factories with nothing to do. When the veterans of the last war and the great many other men who are past military age see young men in factories being transferred from non-essenial jobs to essential jobs to get postponement and knows also that the home army is costing the country $150,000,000 a year; when he knows that in the neighbourhood anywhere up to a quarter of the employees in a factory could be utilized in other jobs, why should he work any longer or harder for very little or nothing? There is no patriotic spirit aroused, and I do not blame him. He sees there are lots of people in the factory who would have less to do if he worked longer than a certain length of time each week. Is this an anti-inflation policy, to have a quarter to one-third more employees in a factory earning high wages and more leisure time in which to spend the money? Certainly the greatest caution must be exercised in the prevention of inflation, but the method used in connection with factory workers seems to the people to defeat its own purposes.

In passing, may I say this further word? One of the reasons for the distrust and unrest among so many people in Canada is that the war expenditures committee is sitting in camera behind closed doors. The public well know that many matters which they have been investigating have very little bearing on the question of the war or of giving comfort to the enemy. I know of only two or three matters that have been dealt with by that committee, one of which was the shoe contract. How could that have anything to do with giving comfort to the enemy? Another one was the purchase of the Gimli airport. How could that have anything to do with giving comfort to the enemy? I do not know whether these contracts were right or wrong, but the point is they were investigated in secret. As a matter of fact the public have a right to know how the money has been spent, and if there is anything wrong they have a right to know that. There is no doubt that there has been waste and that it has been unavoidable, but again there have been extravagances which could have been avoided. Nobody blames anybody for justifiable and honest mistakes. They are bound to occur, but no one can say that there have not been many made. An explanation could easily have been given for many of these matters, but these in camera, behind closed doors, star-chamber sittings of the war expenditures committee have cast a veil of suspicion over the minds of the public in general.

May I now say just a word about the best possible man-power policy of the Minister of Labour (Mr. Mitchell)? The function

of national selective service is to transfer workers to vacant jobs. On June 13 Mr. MacNamara, director of national selective service, announced that there were 202,323 job vacancies other than in logging or farming for 134,000 men and 67,323 women. Now, just think of the incongruity of the statement issued by the Dominion Bureau of Statistics when they announced that 14,095 men and women—and I might say that this is three times the number for last year—had unemployment benefits during the month of May! Not only that, but they averaged seventeen compensating, unemployed days apiece. Think of that, plus nine waiting days' time which must elapse before the benefits can be paid! This makes a total of 366,470 man and woman days not only lost to the production of the country, but paid for in unemployment insurance.

Another matter with which I wish to deal is the question of housing. Ever since I have been a member of this house I have appealed to the government in connection with conditions in my own city. I have had some success, but very little. Part 2 of the housing act has never been brought into force; that is the part dealing with low-cost housing. It is true that part 1 of the act has been in force and has been of great benefit to home owners, but it has not helped those in the low income brackets, the people for whom some provision must be made. They are the forgotten men. The home improvement plan has done some good; to a limited extent it has improved the lot of the low wage-earner. Some old houses in the slum sections of my city have been fixed up; but this has not helped the children, for these are still slum areas, and the conditions under which these children have to live has resulted in a great increase in juvenile delinquency. Perhaps on another occasion I shall have more time to deal with this question of low-cost housing, but another lure has been dangled in the political fish-pond by the government, which purports to intend to do something about low-cost housing. We shall have to wait and see what happens. All these years have gone by and the people of my city have had to grin and bear it. I have in my hand to-day's issue of the *Globe and Mail*, containing an article dealing with this matter, which reads in part as follows:

> Eviction orders were refused, or stays of execution of such orders were granted, thus leaving many families in the premises they occupied—and thus, also, tying up an indeterminate series of moves by other families who were automatically frozen when one in the link of moves was unable to provide vacancy of the premises.
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> Since that date all of the months of May and June have passed and July is on its way to antiquity—and the situation is becoming more serious because of this factor, according to Miss Dorothy Dennison, director of the housing registry. People were able to take temporary refuge in summer cottages, tents and hastily erected shacks. When fall comes, however, they have to seek permanent quarters, and Miss Dennison estimates that there are hundreds of families in this plight.

At the present time some 1,900 families are on the Toronto housing registry. The situation is very serious. The home conditions of workers in certain sections of my own riding, as well as in other sections of the city, are very bad; they were slums before the war, and certainly they are worse now. I have brought up this matter on the floor of the house time after time; I even read one of the many telegrams I have received. I was almost ashamed to read it, to show the terrible conditions that existed in my own riding: vermin-infested; overrun with rats; families of four, five and six living in one or two rooms, not from choice but because they have no other place to go; overcrowded parts of the city still more overcrowded. Conditions were bad before the war, but with the influx of people to the city the situation has become intolerable. The only answer we have been given is, "Why should the federal government look after Toronto?" I suppose it is on the same old basis as the famous speech made years ago by the Prime Minister, when he did not know there was any unemployment in the early part of the depression, and when he said he would not give one five cent piece to Tory Toronto. I brought the matter of the eviction of soldiers' wives and families to the attention of the Minister of National Defence (Mr. Ralston), but his answer was that he did not see what he could do about it. The mayor and board of control of my city have come to Ottawa in an attempt to get some action, and I give them great credit for what they have done. We interviewed many of the ministers, but were given the same old answer; Toronto was turned down.

After all, Mr. Speaker, whose responsibility is it? What brought about this situation? The people employed in plants ten or fifteen miles from the centre of Toronto had no place to live but the city. Some fifty or sixty thousand workers in the surrounding district were overlooked and forgotten by wartime housing; no provision was made to enable them to live near their plants. It is a strange anomaly when we have the government on the one hand asking the workers to live near their plants, for the sake of efficiency, and at the same time saying that the city of Toronto must take care of them. Very little has been done in the Toronto vicinity by wartime housing. I believe some six or seven hundred houses were

put up near Long Branch, which is fifteen or sixteen miles from Toronto, and some others were built at Pickering, which is twenty-five miles away. Other cities, such as Hamilton and Montreal, have been treated differently; wartime housing saw to it that accommodation was provided near the factories, in order to relieve the congestion in those cities, but not so Toronto. Think of the time it takes these people to travel back and forth every day. At a rough estimate they lose upwards of two hours a day to get to and from their work. I know of cases where people have to get up around four o'clock in the morning in order to get to their work at these plants. The transportation commission has done a wonderful job in trying to take care of them, but when we have such a scarcity of gasoline why should we have to waste thousands of gallons in order to transport workers ten or fifteen miles each way every day, instead of building these houses near the factories? On July 4 the parliamentary assistant to the Minister of Munitions and Supply (Mr. Chevrier) dangled some more political bait before the electors, when he said the government had consented to build a few wartime houses in Toronto, but they are not to be for workers; they are to meet the requirements of soldiers' wives and children. Of course that is vitally necessary. I could read letters I have received from Mrs. N. Hall Humpherson, president of the Soldiers' Wives Association, in which she points out that the housing registry has received some 1,700 applications for accommodation for wives of men serving overseas. The situation as far as they are concerned is appalling, and I hope some relief will be given.

In conclusion, Mr. Speaker, in order that the record may be complete, I should like to read the amendment moved by the hon. member for Dufferin-Simcoe (Mr. Rowe). It was as follows:

(a) that no adequate steps have been taken to simplify the forms and modernize the methods of taxation;

(b) that no effective action has been taken to grant a measure of relief to the men and women in the lower income brackets by raising the exemption in income tax for single persons to not less than $800 per annum and for married persons to not less than $1,600 per annum.

(c) that no provision has been made to encourage greater war-time production by exempting over-time pay from income tax;

(d) that sufficient provision has not been made for the elimination of the inequities presently existing with respect to agricultural taxation;

(e) that no adequate provision has been made to ensure increased post-war employment through the discovery and development of metallic and non-metallic mineral resources;

(f) that the government has failed to make effective the full mobilization of our financial, industrial and material resources, as well as our man-power, but is maintaining a so-called home-defence army, at a cost to the taxpayer in excess of $150,000,000 per annum, at a time when the need for men for army reinforcements, for farming and for industry is so urgent.

I am heartily in favour of all those paragraphs in the amendment. Time will not permit my saying much about them at the present time, but when the resolutions are in committee I shall have an opportunity to do so.

There is no doubt about this being primarily a pre-election budget. When it is fitted into all the rest of the jigsaw puzzle of the government's proposed legislation, it will show that the bait is being set in the political fishpond to catch the many and various classes of voters.

My chief criticism is that all this proposed legislation should and could have been enacted years ago. The government has been callous in letting the people bear unnecessary suffering in the past, in order that it can now take the position of solicitously administering to their relief—and this just before an election. But by this time the people of Canada have had enough experience to say, "Once bitten, twice shy." They will look before they leap. My warning is: Beware of the Grits, when they come bearing gifts.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. BRUCE McNEVIN (Victoria, Ont.): Mr. Speaker, the budget debate is an occasion which offers a wider scope for discussion of public questions than is afforded by ordinary items in committee. I should like first to make a suggestion of an expenditure which might be considered for the post-war period and which has a bearing on the riding I represent. I suggest that assistance be granted in establishing at least the smaller type of airfields. The constituency I represent is one of our great tourist areas, a magnificent playground, but the resources of our people are not sufficient to provide landing facilities for the smaller or civilian type of aeroplane. There is ample water for landing seaplanes, but of course the seaplane is a plane that is too large for the average citizen. I believe that if assistance were given not only in this area but in other areas to establish such landing facilities, it would pay ample dividends in the years to come.

Coming more directly to the budget I wish to congratulate the Minister of Finance (Mr. Ilsley) upon the removal of the ten per cent income war tax on farm implements and upon placing these implements of production on the free list. I think it was the hon. member for Qu'Appelle (Mr. Perley) who suggested this afternoon that this item was of very little importance. Well, Mr. Speaker, I have been associated for a substantial period of my life with farm organizations, and I do not recall a single instance when representatives of these organizations were presenting their views to succeeding governments when they did not press for farm implements being put on the free list. Our farmers for more than a decade past have continually pressed to have the implements of production put on the free list and now their objective has finally been realized.

I think it was the same hon. member who suggested that the amount involved in this item would be very small indeed. I turn to the appendix to the budget to demonstrate that all the implements put on the free list are of substantial importance. I shall refer to a few of them.

First, there are cream separators and complete parts therefor, including steel bowls. They are now free under the British preferential tariff and under the intermediate and general tariffs. Previously the intermediate and general tariffs on the goods covered by this item carried a duty of ten per cent, so that here there is a ten per cent reduction.

Then take item 409a: milking machines and attachments therefor; centrifugal machines for testing butterfat, milk or cream: complete parts of all the foregoing. These are now free under all tariffs. Previously this item carried a ten per cent duty.

I now come to the more general list of farm implements found in 409b: cultivators, harrows, seed-drills, horse-rakes, horse-hoes, scufflers, manure spreaders, garden seeders, weeders, and complete parts of all the foregoing. They are now free under all tariffs. The intermediate tariff on goods covered by this item was formerly 7½ per cent. The general tariff was twenty-five per cent.

Then item 409c: ploughs, farm, field, lawn or garden rollers: soil packers, complete parts of all the foregoing. They are now free under all tariffs. The intermediate tariff on goods covered by this item was 7½ per cent and the general tariff twenty-five per cent.

Then item 409d: mowing machines, harvesters, either self-binding or without binders, binding attachments, reapers, harvesters in combination with threshing machine separators including the motive power incorporated therein, and complete parts of all the foregoing. They are free under all tariffs. The intermediate tariff on goods covered by this item was 7½ per cent and the general tariff twenty-five per cent.

Then take the next item, 409e: spraying and dusting machines and attachments therefor used by fruit growers. These all now come in free.

Then take item 409f: hay loaders, hay tedders, potato planters, potato diggers, fodder or feed cutters, ensilage cutters, grain crushers and grain or hay grinders for farm purposes only, and many other articles. These come in free under all tariffs. This means a reduction of at least 7½ per cent.

Then take item 409j: fanning mills; corn husking machines and many other items. These come in free under all tariffs whereas the duty was 7½ per cent under the intermediate tariff and twenty-five per cent under the general tariff.

I shall not mention any more items. These examples are sufficient to show that the reduction which has been made in this budget amounts to a reduction on the general line of farm implements running anywhere from 7½ to 10 per cent.

Just at the present time when there is such a strong demand for metal products of all kinds for war purposes, placing these implements on the free list may not be of any great immediate benefit to the farmers; but in the years to come, and particularly in the post-war years when there will be a great backlog of demand for farm machinery, and when the farmers will have money with which to buy machinery, I am sure that they will reap substantial benefit from this budget provision for which they have been striving for such a long period of years.

Another matter mentioned by the hon. member for Qu'Appelle was with regard to farmers being placed in a privileged class so far as the payment of income tax was concerned. The suggestion was that they be exempted entirely from payment of income tax. I am a farmer like the hon. member for Qu'Appelle and personally that would be very fine for me. I do not think any administration could take any action that would do more to promote a back to the land movement than to place all agriculturists in a privileged position so far as payment of income tax is concerned. I do not know of any action that could be taken that would do more to promote larger farming units. Thousands of people who had made their pile would retire to the country, if agriculturists were exempted from income tax, and would set up a little farm to escape payment of the tax. That proposal might

sound well on the election platform, but I am sure that it would not be a sound provision in a budget of the Dominion of Canada.

I wish to make a few remarks upon the magnificent production of agricultural products by the farmers of Canada during this war and to compliment the Minister of Agriculture (Mr. Gardiner) upon the splendid direction and leadership he has given in promoting this remarkable production. I am sure that there have been times when the Canadian people have had misgivings regarding possible food shortages, when they feared that there might be a shortage of food, not only to ship across the seas to feed our armies abroad and the British, but even a shortage of food in Canada to meet the demands of the Canadian people at home. But from year to year we have had an increased production of food products until now everyone in this country seems to be satisfied as to the food situation. I believe that in food production we have established a record that is outstanding in the history of Canadian agriculture.

That brings me to the point of giving some thought to the post-war problems of agriculture. Such thinking and planning must not stand in the way of winning the war as decisively and quickly as possible, because that, of course, represents the major responsibility of the Canadian people.

What will some of these post-war agricultural problems be? The longer the war goes on, the more I am convinced that we are likely to face many of the very same problems faced after the last war, particularly if we fail to support and maintain the price control policy. In my opinion, finding markets for the surplus farm products which the farmer can and will want to produce will be the biggest one. I think the house will agree with me that farmers want to produce all they can. They are never so happy as when they are working at full capacity. Our farmers have surprised Hitler, Tojo, our own people and, in fact, the people of the whole world by showing how much they can produce with a war-time incentive and fair prices. The year 1943 shows the greatest production of food on record in Canada, and 1944, with favourable maturing and harvesting weather conditions, will exceed the record of 1943. This has been accomplished under the handicap of labour shortages and an insufficient supply of machinery and equipment. When we return to peace-time conditions, with the experience we have gained, with the ordinary supply of farm labour and sufficient machinery and equipment, and with fair demand and adequate prices, we can produce, I think hon. members will agree with me, double our pre-war volume of farm products. We have found out in war time how much good, nutritious food the people of this country will consume when they have a sufficiently high income to purchase it in ample supply. But what kind of incomes will our people have in, say 1948? Will our industrial activity be as high as now? Shall we exhibit the same degree of knowledge and determination to conquer unemployment as we have displayed in assisting our allies to conquer the common enemy? The problem must be attacked in that spirit.

But suppose we do have an increase of from fifteen to twenty per cent in our domestic consumption of food—allowing for the normal increase in our population, that is about the best we can hope for—there will still remain a huge surplus to be disposed of in the markets of the world. In facing this great problem let us be honest with ourselves. Even if credits are extended to peoples more unfortunate than we, to buy some of these products, if we are going to sell these surpluses in world markets we must accept the surplus goods of other countries in payment for our exports. This is a hard, indisputable fact. It is not so unpleasant if we remember that we can export our surpluses if we accept the surpluses of other countries—products which they may be able to produce more efficiently than we can—in exchange for our products. Are we ready to advocate lower rather than higher tariffs? Are we ready to agree to fewer trade barriers rather than more? Are we ready to accept and adopt the principle that world trade is a two-way highway, not a single track?

But even if we do succeed in finding an outlet for all our farmers can produce, still we must have a fair price for it before our economic problem is solved. What is satisfactory? Some farm organizations say that parity is a fair price. I prefer to speak in terms of parity of income for farmers rather than parity prices, because parity prices may not result in parity of income. Others say, whatever the law of supply and demand dictates should be the price, even though they know that farmers seem to be the only class subject to this law in its crude, unvarnished form. Too often in the past agriculturists have realized that the greater the supply, the less the demand, and consequently the lower the price.

This brings me to the question of bonuses and fixed prices. Frankly I think these instruments should be retained for a considerable time to come as a protection for

both producer and consumer. However, in making this suggestion I am not unmindful of some difficulties which may arise.

First, you can set a price for a commodity but you cannot force the public to purchase it at that price. If the public will not buy as much as the farmers produce, you are in trouble. If the product is perishable, you have not long to wait; if not, it can be stored but the evil day is only delayed.

Then in the matter of prices, what we in Canada think is a fair price may be a high price to some other countries. In fact, if world prices were as high as ours, world production would probably be much higher, causing a curtailment of demand for our surpluses.

Let us also review past experiences with bonused or subsidized products which were exported. The experiences were not too happy. It can drive down world prices still farther, because in a buyers' market everyone tries to meet the low price and the price frequently falls. If our price is substantially higher than the world price it is an inducement for other countries to sell in our markets. The suggestion that tariff or trade barriers will set things right is not a sound one. As a solution, I suggest that these problems are world-wide and must be attacked from that point of view. Nations cannot longer live unto themselves alone. In Canada measures have been taken during war time which should be very helpful in the post-war period.

First and foremost of these is the price control policy so ably devised and administered by the Minister of Finance (Mr. Ilsley). This policy has won the admiration of financial leaders and critics throughout the world. It should be more appreciated and better understood by the Canadian people. So far it has beaten inflation. Given support to carry this policy through, we have overcome post-war's most formidable enemy.

We must approach the problems of reconstruction determined that unemployment must be licked. I think we have learned that the greatest single example of waste in the world is permitting human hands to be idle when food and goods which people need could be produced. We surely can agree that increasing consumption to support prices is cheaper and more effective than restricting production to support prices. This should go for industry, labour and agriculture. The bill which will soon be before the house to provide for family allowances is an example of a move to increase consumption and support production in the manner I have just indicated. We have learned much out of the experience of the past, and if we intelligently apply that knowledge we should go forward with courage and confidence. We have found the money to do our share in winning the war; we must do likewise to win the peace. In the broader field of world affairs, particularly as applied to the war, Churchill, Chiang Kai-shek, Stalin, Roosevelt and Mackenzie King have found a common foundation upon which to unite their efforts to win this, the most titanic war in history. I am not going to suggest what should be done in other countries, but I would suggest, as far as the Canadian people are concerned, that we should maintain at the helm of our ship of state the Right Hon. W. L. Mackenzie King to meet with these world leaders and to find a common foundation upon which they can unite to win the peace as they have united to win the war.

Mr. A. R. ADAMSON (York West): The budget this year is indicative of a tremendous gamble. The underlying principles of the entire speech are based on the possibility of an early collapse of Germany. There may be some justification in taking this gamble, and gamble it is, for this is the only excuse for the inflationary measures proposed by the government's policy. The government has entirely reversed its previous policy, and instead of endeavouring to provide a high level of employment, it has adopted the specious and entirely unacceptable policy of paternalism. Paternalism never has been and never will be a substitute for independence through individual effort. If the gamble taken is successful and the shell of fortress Europe, once broken, detonates an internal collapse, then the government will be immediately faced with the problem of rehabilitating our armed forces; for once the now overwhelming weight of allied power is concentrated against the ferine and barbaric island of Japan, her utter destruction will not take long to accomplish. Without in any way minimizing the task ahead, I wish at this time to discuss one of the major problems of the reconstruction period and one which I believe will do more than any other to preserve our present bountiful economy on a high level of employment.

I wish to speak of the mining industry and in particular of the question of mining taxation. As is generally known, we have been blessed with a larger potential area for mining development than any other country in the world. Climatically, the Canadian shield may be considered to be rigorous, but when compared with the extreme temperature of Siberia, reaching as low as ninety degrees below zero, and the other extreme of Africa, India, and South America, where the

rock temperatures underground may reach as high as 120 to 140 degrees Fahrenheit, it will be seen that we are indeed very fortunate. In the period of depression Canadian mines, particularly the precious metal mines, provided one of the greatest sources of permanent employment. It is said by the Wallace committee that 107,000 people were directly employed by the industry, giving employment indirectly to 1,200,000 or over one-tenth of our total population. At no time during the depression did our relief roll approach this figure, and I suggest to the house that had our mining industry been fifty per cent larger than it was, there would have been virtually no men on relief in this dominion during those years.

The mining industry is unlike all other industries. To be continuous it must be constantly replenishing itself. New mines must be found; the ground must be prepared; capital, particularly risk capital, must be encouraged and the prospector must at all times find a ready market for his services; for he holds the key which will unlock the golden treasury. Our present taxation policy has brought about the very opposite of this, until to-day we find our mining industry in the following shocking condition. Of Canada's 1942 metal production, fifty-six per cent was derived from mineral areas discovered prior to 1910, over a third of a century ago; twenty-eight per cent was derived from the mineral areas discovered between 1910 and 1920; that is, eighty-four per cent from areas discovered over a quarter of a century ago; eleven per cent was derived from mineral areas discovered between 1920 and 1930, and only five per cent came from mineral areas discovered since 1930. This is one of the most serious indictments against the federal government.

Mining, Mr. Speaker, is essentially a risk business. When success is found the rewards are great, but the ratio of success to failure will, I think, surprise hon. members of this house. It is a fact that less than one per cent of the companies incorporated for the purpose of metal mine development during the thirty-five year period from 1907 to 1941 inclusive could be classified as having attained economic success. The average actual tax-paying or profitable productive life of a precious metals mine in the central provinces is indicated to be less than eight years. Furthermore, during the thirty-five year period from 1907 to 1941 inclusive only one-third of the productive metal mines in Ontario had reached the stage of taxable profits recorded earnings, which enabled them to return invested capital to their shareholders. It therefore follows that the remaining two-thirds of these mines were actually taxed on capital.

As an example of the amount of capital required to develop a mine, it is authoritatively stated that the Hudson Bay Mining company at Flin Flon, Manitoba, required an expenditure of $30 million before any return was made to the shareholders. The Noranda mine—I think the minister will support me in this because he has made this very statement himself—required $25 million to enable it to produce and refine the metals of copper and gold. Furthermore, the average straight gold mines required from $2 million to $5 million to bring them into profitable production and to begin to return capital invested. These are very large sums and they must be considered as being risk capital.

This is one of the most valuable of all types of capital because it directly develops a primary industry of the nation. It is easily discouraged, and because of the hazardous natural and physical obstacles which it has to surmount, the addition of tax burdens will rapidly kill it at its source.

One of the fundamental errors made by the government is the method of assessing mine profits. In this connection I should like to quote from the brief on mining taxation by the Ontario and Quebec governments, submitted jointly by the Canadian Institute of Mining and Metallurgy in February of this year. I quote two paragraphs:

(a) Taxing authorities do not appreciate sufficiently the fundamental difference between mining and other industries.

(b) Insufficient provision is made in the allowance for depletion to ensure return of invested capital. Anyone investing in mines recognizes that he has no profit until his capital is returned. The government should likewise recognize this fact. Taxes on real profits can begin only after provision has been made for the return of invested capital.

Before 1934, depletion allowance for gold mines was fifty per cent of the net earnings on both mine profits and dividends. Base metal mines were allowed depletion of twenty-five per cent. In 1934, depletion allowance for all mines was set at 33⅓ per cent and on dividends paid to Canadians was reduced to a minimum rate of twenty per cent. These rates are still in effect, and I should like to quote again from the brief on taxation:

This unexplainable reduction in depletion allowance has been one of the most serious factors contributing to the decline in prospecting and new mine development. The federal tax is applicable to income and not to capital return. The present 33⅓ per cent depletion allowance is presumed to be the proportion of annual earnings earmarked for this return; but when actual distribution of this capital is made in the form of dividends the federal taxing authorities rule that only twenty per cent of each capital shall be tax free. Surely this is at least illogical. It should be noted that the

increased revenue derived by the government through this reduction in depletion allowance was not for war purposes. The change became effective five years prior to the outbreak of the present war.

Analysis of the application of the present depletion allowance of 33⅓ per cent of company earnings, and twenty per cent for dividend, clearly demonstrates that, while the intention may have been to make provision for 33⅓ per cent of earnings as tax-free capital return, the actual return to the shareholders falls far short of that proportion.

I have two short tables which I think would be interesting to members of the house and I shall read the first and second. I wish to show how this works out in actual practice. The tables are as follows:

Assume operating profits of a gold mine are	$300
Deduct depletion of 33⅓ per cent	100
Taxable profit is, therefore	$200
Dominion tax at 40 per cent	80
Total income remaining	$120
Add depletion allowance	100
Total available to shareholders	$220
Depletion allowed shareholders at twenty per cent	44

Actual per cent of earnings allowed shareholders as depletion $\frac{44}{300} = 14{\cdot}6$ per cent

If the government will agree to the fifty per cent depletion allowance which has been advocated by both the Ontario and Quebec governments in their submissions we shall have this:

Earnings before taxes	$300
Depletion at 50 per cent	150
Taxable profit	$150
Dominion tax at 40 per cent	60
Net profit after taxes	$ 90
Add depletion allowed	150
Amount available for distribution	$240
Shareholder's depletion at 50 per cent	120

Shareholder gets as a return on capital free of income tax $\frac{120}{300} = 40$ per cent

It is generally agreed that a gold mining stock should pay ten per cent or sell at ten times the dividend paid. If this be true, let us suppose a mining company pays $1 a year in dividends, and that its stock sells for ten times $1 or $10.

Under the allowances of 33⅓ per cent and 20 per cent it will take a shareholder $^{100}/_{14{\cdot}6}$, or nearly seventy years to get his capital back free of tax.

Under the proposed fifty per cent to company and shareholder alike, it would take the same company $^{100}/_{40}$, or twenty-five years to do the same thing.

[Mr. Adamson.]

In the tax brief that I have quoted previously, it is shown that, taking all gold mining companies that have paid the so-called profits tax in Ontario, the average taxpaying life of such companies is about eight years.

The experience of our mining history has shown that to be true. Under such circumstances, asking that the period be not over twenty-five years, when the average chance is limited to eight years, cannot surely be considered as unreasonable. By the same token, seventy years must be unreasonable.

As a further concrete example of what mine taxes are doing I wish to quote three specific instances of companies. The first is Noranda Mines, the great copper-gold operation in Quebec, and it is as follows:

	1932	1941
Total tax cost per ton of ore hoisted	$0.60	$2.29
Total tax cost per cent of annual sales value	6·1%	25·3%
Total tax cost per cent of estimated assessable profits	24·0%	60·0%
Per cent of total taxes accruing to dominion	63·2%	89·9%

That is the factual situation with regard to Noranda. I should like now to tell briefly the story with regard to the major asbestos mine of Quebec. The taxation of asbestos mines in the province of Quebec shows similar main effects on operations as those for gold and base-metal mines as follows:

	1932	1941
Total tax cost per ton milled	$0.14	$0.54
Total tax cost per ton fibre shipped	1.17	7.21
Total tax cost per cent of dividends (1937)	46·4%	64·6%
Total tax cost per cent production value	4·9%	16·4%
Total tax cost per cent assessable profits (1936)	29·7%	53·6%
Per cent total taxes accruing to dominion (1936)	52·6%	82·6%

If we take the profits of a straight gold mine we find this picture. The McIntyre Porcupine operation, which is a successful operation in every way, paid the following taxes during the last fiscal year. The total taxes were $1,214,437, representing an amount of $1,029 for every man employed, or $6.42 for every ounce of gold recovered, or $1.52 for every share of stock outstanding. In addition there are the municipal taxes and the taxes paid by individual shareholders. The over-all picture in Ontario from 1915 to 1941 is as follows: Dominion taxes increased from $130,000 to $11,324,000. The total tax per ton of ore milled increased from 24 cents to $1.15. The cost per ounce of gold increased from 56 cents to $4.51. The total tax on operations of the Ontario gold mining indus-

try, plus estimated dominion income tax on all dividends, increased from 9·4 per cent in 1917 to 48·5 per cent in 1941; or, expressed in another way, it increased to 48½ cents for every dollar of dividends, or 52·2 per cent on established gold mines not subject to section 89 of the income tax act. It is estimated that the taxation at present is approximately 60 per cent of the total returns made to the shareholders in Ontario mines. This compares with 18·5 per cent in 1928 which unfortunately was the last year of intensive mining development.

The situation in Quebec is possibly more serious because of the generally lower grade mines in that province. No province in this dominion has a deeper interest in this question of low grade ores than Quebec. Of that province's twenty-four gold producing mines no less than thirteen have a grade of $5 a ton or less. These thirteen produce sixty per cent of Quebec's gold. To-day $5 a ton is considered pretty close to the line; with numerous mines in Canada the costs are well above this figure. It is only by dint of the fact that Quebec's ore bodies are large and lend themselves to large scale mining, and because of good management and the helpful interest which the province of Quebec takes in its mines, that these low grade propositions are able to run at all. The people of Quebec are closely watching this government to see whether it follows a policy which encourages mining endeavour, or pursues a policy of discouragement. I say this because the people of Quebec have utilized the disclosures of gold and other mining resources in their northwestern areas as the foundation of a very important plan of agricultural settlement. The frontier farms upon which numerous people work skilfully and prosperously lose all the market outlets for their labour when the gold mines fail. Hence the very deep concern when the operation of any Quebec gold mine appears to be endangered by shortage of labour. Fortunately for Quebec, no important Quebec gold mine has had to close down by reason of labour shortage, although in the rest of Canada many gold mines have had to quit completely and leave their communities in a very difficult state, in some places on the edge of bankruptcy. I mention Quebec because, as every one in the mining business knows, its mines, while very important, are often on the low grade side. Taxation of a character which cripples the use of low grade ores and which checks the enterprise of mine-makers is of very special interest to the province of Quebec.

Of the forty pure gold mines operating in Ontario—those that rely solely upon gold—only five have a grade of $5 a ton or less. I do not know whether this means that Ontario is more blessed with higher grade gold mines than the other provinces of Canada. Probably it means that conditions in Ontario have not been such as to encourage the development of low grade propositions. Undoubtedly Ontario would have more such mines if the taxation set-up was more favourable to people taking chances on mines in the low grade category.

In order to make my point clear as to the value of low grade ore—

Mr. MITCHELL: If I may ask my hon. friend a question, which does he think is most important, nickel or gold, in the prosecution of the war?

Mr. ADAMSON: I am coming to that, if the minister will contain himself. If he had listened to the beginning of my speech his question would have been answered. Perhaps he will read it to-morrow in *Hansard*.

In order to make my point clear about the value of low grade ore some brief discussion of the way the ore bearing solutions were injected might overcome some misconception which I believe to be common. This is a dangerous subject to tackle, because it is difficult to generalize and the science of geology is vast and complicated. However, with your indulgence, Mr. Speaker, let the house imagine a drum of boiling white paraffin. Now into the bottom of this drum is injected, under great pressure, a number of cupfuls of boiling red paraffin. The drum is then allowed to cool. When the wax has solidified, if we cut into it we shall possibly find the red paraffin in a pillar-shaped or lenticular-shaped mass, depending on the method of injection. However, we will find it not in one even mass but mixed with the white paraffin, and while the centre of the mass may still be quite red in colour it will soon become pink; then only slightly coloured as we proceed from the centre of the mass until there is no trace of colour whatsoever.

This is something of the same way the ore bearing solutions were absorbed into the native pre-Cambrian rock of the Canadian shield. The solutions rich in the centre soon were dissolved in the country rock into which they were forced by volcanic action. Of course it was not as simple as this; many different volcanic eruptions took place and great earthquakes subsequently caused ground movement, breaking up the original ore mass and moving parts of it great distances from the main body. However, the principle of the ore bearing solutions flowing into, and being absorbed and diluted by the country rock,

just as the red paraffin flowed into the white, holds good. So that as we get variation in colour of the paraffin we get the variation in value of the resultant mass of rock which we now find in situ. The problem of the miner is to get every pound of the rich solution just as it would be to get every cupful of the red paraffin wax, assuming it to have great value. The miner would fail to do this if he merely took out the rich centre section of the ore body, just as he would fail if he only took the bright red paraffin which had not become diluted by the white.

This rather fanciful allegory has considerable importance and is one of the fundamental conditions of mining which is not understood by the tax gatherer; for just as the greater quantity of the red paraffin will be found in dilute solution with the white, so is the vast majority of the original metal bearing deposit in dilute solution in the native rock. Estimates vary, but for every ton of $10 ore in place in the majority of our precious metal mines, there will be many tons of $5 ore and many, many more tons of $4 and $3 ore.

An empirical theory of ore valuations in a simple arithmetical progression has been suggested, and while this does not of course work exactly in any one mine, or cannot be applied to all mines, it approximates conditions in several of our major gold producers. The theory is that for every ton of $10 ore there are two tons of $9 ore, four tons of $8 ore and sixteen tons of $7 ore and so on. Carrying the progression down to $3 we get the following results:

		Value
1	ton at $10	$ 10
2	" " 9	18
4	" " 8	32
8	" " 7	56
16	" " 6	96
32	" " 5	160
64	" " 4	256
128	" " 3	384
255	"	$912

It will be seen that an ore body of this kind —always assuming that we take out all the rock to $3, which is approximately the minimum that any mine to-day can take out— will contain 255 tons of ore each containing more than $3 worth of metal and it will have a total value of $912. The average value per ton of such a body will be only $3.58. If we discard all rock containing $5 or less in metal, the value of the remainder will be $5.90 per ton. Thus, as our costs of mining increase from $3 to $5, we find that we lose $640 or 70 per cent of the dollar value of the whole ore body. It will be seen, therefore, how tremendously destructive taxation is which increases the cost of ore milled, and when we see that at Noranda the total tax per ton of ore hoisted has increased from sixty cents in 1932 to $2.29 in 1941, some idea of this tremendous destruction of ore may be gathered.

An ore body which has once been mined and has had the rich centre core removed, can never be worked again, because the low grade remaining in the side walls will not pay for extraction. This is of fundamental importance. The process is known as high-grading the mine and it is as harmful to the people of Canada as is high-grading the mine by individuals, because it definitely steals from the people of the country one of their assets. It is tragic to think that the government of the people tolerates this criminal practice.

Lest anybody think our supplies of nickel are inexhaustible I should like to quote from the report of its president, Mr. R. C. Stanley. This is what he said:

> Deliveries of nickel in all forms derived from our own mine production amounted in 1943 to 265,000,000 pounds, representing an increase of 55,000,000 pounds over 1939. In order to provide this enlarged supply, the tonnage of our ore mined was forced from 7,273,000 tons in 1939 to 12,105,000 tons in 1943.

This means that Canada's largest mining organization has suffered a very considerable decline in the grade of its ore. The recovered content in 1939 was thirty pounds per ton. By 1943 it had dropped to twenty-two pounds per ton. The margin is getting thin. It was necessary to increase the tonnage created by sixty-five per cent to gain a production of nickel only twenty-five per cent greater. The high grade deposits of the Sudbury district are fading. This is the greatest nickel camp in the world and the reason for Canada producing eighty-five per cent of the world's nickel. The world has many low grade nickel ore deposits; they are to be found in numerous countries. If the high grade nickel ores of Canada are ever exhausted, then all our boasted supremacy in nickel fades away.

It is a serious situation for Canada, or could be if cognizance is not taken of it. During the war we have encouraged our nickel mines to produce to the utmost of their ability, and their achievements in that line demand the warmest of praise. But they have paid a heavy cost in the exhaustion of their better ores. It is our good fortune that these companies still have 250,000,000 tons of ore in reserve, or about twenty years normal supply, and though the average grade is lower we can hope that the skill of our nickel miners will put this lower grade to good account. But they will be handicapped, if not badly crippled, unless we ease the burden of taxation.

Some 15,000 or 16,000 men in Canada are engaged in the mining and refining of nickel, and we owe consideration to them, and the 150,000 persons who are supported one way and another by the nickel industry, as well as consideration to Canada's prestige as the world's chief producer of nickel.

I should like to say something about copper. We must think in terms of big tonnage for the future of our copper production. On the Arctic coasts of Canada there are believed to be large masses of low grade copper ore, and it is probably true that elsewhere in Canada other large deposits of low grade copper ore exist. It may well be that we shall be forced to consider the mining of these, and eventually we shall see in this dominion, operations as large as Kennecott's famous Utah Copper Mine where last year 59½ million tons of ore were mined and forty-nine million tons of earth were stripped. Operations of this order, and indeed any large-tonnage proposition, require great sums of capital. It is impossible to attract such huge investment on a small margin of profit, unless the investors know that taxation will not rob them of a chance to get their money back, plus a return commensurate with the risks.

The seriousness of the situation is well recognized by the Wallace committee in a report to this house. I shall quote three paragraphs from that report as follows:

1. Intensified search for and discovery of new sources of supply is indispensable if the Canadian mineral industry is to survive.

2. Ores of metals vary greatly in the percentage of metal contained and in the percentage recovered. The lower the cost of recovery the greater will be the tonnage of ore available for treatment. Taxation charged as a cost against mining reduces the amount of metal that can profitably be recovered from a given mine. The higher the tax, the greater the loss of metal that might otherwise have been recovered.

There is a wide field for extending employment provided new sources of mineral wealth are found and new methods of utilizing those rocks and minerals, which occur in great abundance, are developed.

The essential requirements are intensive stimulation of prospecting, the provision of maps, topographical and geological, the provision of transportation facilities (roads, et cetera) into mining areas, a minimum of restrictive measures so that the prospector may continue to be stimulated by the possibility of a find that will compensate him for years of disappointment.

3. That adjustments be made in respect to taxation that would stimulate prospecting and mine development and mineral recovery.

And finally, I recommend to this house the careful study of clause 20, which contains this significant sentence: "An expanding mining industry will be of particular national importance and should be carefully studied." The whole report of the Wallace committee deserves the most careful attention and, I believe, represents one of the best blueprints for the future that has yet been produced.

The Minister of Finance (Mr. Ilsley) went to great lengths in his statement to this house to compare our taxation with that of Australia. He should have been more thorough, for there are many, many instances where Australian taxation is far more generous than ours; generous let me say from a realistic point of view, because Australia, during a wave of extreme socialistic government, all but destroyed her mining industry, and the present administration has had to enact special encouragement classes of her income tax act in order to save the industry from extinction. I may say that if the present government persists in its policies the mining industry in Canada will also face extinction. I will quote the Australian act. Section 23, in the first line, reads as follows:—

The following income shall be exempt from income tax.

And paragraph (m) reads as follows:

(m) income derived prior to the first day of July, one thousand nine hundred and forty-seven, directly and in the first place from primary production, mining or fisheries in the Northern Territory of Australia by a resident of that territory.

There are three clauses dealing with exemption which I think are of great interest. I have already quoted paragraph (m), and now I will quote paragraph (o):

(o) the income derived by a person from the working of a mining property in Australia or in the territory of New Guinea principally for the purpose of obtaining gold, or gold and copper, provided that in this case the value of the output of gold is not less than forty per centum of the total value of the output of the mine.

Paragraph (p) provides that income derived by a bona fide prospector shall be exempt from income tax, and bona fide prospector is defined, and is a very broad definition.

If we applied paragraph (m) to Canada it would mean that all the present development in the Northwest Territories, including the Yellowknife field, would be exempt from taxation. I suggest to the house that if we did this in the immediate post-war years there would be a gold rush, the like of which has not been seen in history.

In connection with the Northwest Territories and the much publicized Yellowknife discoveries, it should be pointed out that this is not a new thing. For many years past, prospectors have been in this country and there have been a number of actually producing mines, one the Conn mine, a subsidiary of Consolidated Smelters, and another the Negus

mine, which has actually reached the dividend paying state, having returned its shareholders five cents a share during 1943.

Mr. SPEAKER: The hon. member's time has expired.

Mr. ADAMSON: May I conclude this paragraph, Mr. Speaker? I should like to go on record as supporting the contention of the Ontario and Quebec governments that the depletion allowance of fifty per cent on the net earnings of all metal mines be allowed and that this be extended to dividends as declared.

Secondly, that taxes paid to municipalities and provincial authorities be allowed as a deduction.

Thirdly, that all exploration expenditures made outside the property of the mine be allowed as a deduction from earnings.

If we went as far as Australia we would exempt from taxation both corporation, income and excess profit taxes on all metal mines. I believe if we did this the treasury of the dominion government and the rate of employment would both benefit. However, certain precautions would have to be taken. We would have to see that every profitable mining operation did its fair share of exploration and prospecting; secondly, we would have to see that once a percentage of capital had been returned to the company, the net earnings or a considerable proportion of them would be paid to the individual shareholders. We must safeguard our country from operators who would build up large surpluses and then take them out of Canada.

I realize that in this life and death struggle any taxation, no matter how unsound, or how discriminatory, will be paid and paid gladly; but when I see the Minister of Finance bringing down clauses which are obviously peace-time clauses, I feel that some statement of policy should be made with regard to the future of the mining industry, upon which more than all others the future of Canada depends.

Mr. W. G. WEIR (Macdonald): Mr. Speaker, the Minister of Finance (Mr. Ilsley) on June 26 introduced into this house his sixth wartime budget of world war two. It is a budget of very large proportions calling for an expenditure of almost six billion dollars. This in itself is a huge amount of money for a population of eleven million people to contemplate. It is a budget that arrests our attention when we realize that it is about eleven times our ordinary peace-time expenditure. However, I am sure that the people of this country recognize the importance of an expenditure of this kind and are prepared to shoulder the load and carry the taxation responsibility that goes with the prosecution of an all-out war.

It was, of course, gratifying for the minister to be able to say that approximately one-half of the revenue required for the huge expenditure last year had been raised through the general revenues and that the remainder had been largely borrowed from our own people through the sale of victory bonds and war savings certificates, and the minister hopes that the same creditable record will be achieved in the year to come. Here is one place where I think we as members of parliament can lend to the minister and to the government and to the country generally a degree of cooperation, regardless of the political differences that may exist between us. We have called upon the people of this country to come forward and lend their money and to pay taxes. I think we owe to the national war finance committee and to the thousands of volunteers who have acted with them in putting across our various victory loan campaigns a debt of gratitude which we shall be a long time in repaying. I feel that we owe to these workers a deep debt of gratitude and should lend them every assistance possible when the opportunity comes to promote another victory loan.

While taxation is high and while some of the regulations that we have during war time may be irritating, nevertheless they are a small amount of insurance for what Canada has been able to do. We are here a nation that has been at war; yet we have never had a city bombed nor has a foreign soldier set foot upon our soil, so that I think it is small insurance for us to pay when the chief obligations that are required of us are to pay out a little money to meet the taxation requirements of the country.

We have at the same time enjoyed a degree of prosperity which we have never enjoyed before in the history of this dominion, nor has that prosperity ever before been as equitably distributed as it is at the present time. The contribution, therefore, that we are called upon as civiliains to pay in this war in the way of taxation and in the way of putting up with regulations and little inconveniences is small compared with the hardships which the men on the actual fighting fronts have to bear at this time.

While the minister has seen fit to discontinue the refundable portion of the income tax, I must say that I felt right along that this feature of our taxation had much to commend it. It provided a means for creating a savings, a nest-egg for the future; and when it is realized that the refundable portion of the

income tax could be offset by the payment of insurance premiums and the payment of principal on farm mortgages and on mortgages on homes, I cannot see that the burden was so very great for the vast majority of people, particularly those who are in a position to make such payments. For those who are not in that position, the refundable savings feature provided a means whereby they could accumulate a sum for the period when the war is over. After all, the majority of the people whom the minister hopes to benefit most in this regard, those in the low income tax brackets, will only secure, I imagine, the advantage of perhaps two or three dollars a week, which may easily be expended for non-essentials, instead of being set aside as a savings for the post-war period.

As was to be expected, the other political groups in this house have offered counter-proposals. In other words, they would do things differently from the way the minister proposes. They believe that their proposals will appeal more strongly to the people at this particular time.

While the minister has done away with the refundable portion of the income tax, our Progressive Conservative friends opposite would raise the income tax exemption to $800 a year for single persons and $1,600 for married people, and at the same time create a fund equal to the contribution that we make to UNRRA as an amount of money available for the post-war period. Our Cooperative Commonwealth Federation friends would go one better and raise the exemption respectively to $1,000 and to fifteen or sixteen hundred dollars, and also provide $5,000 million for a two-year period after the war. It is easy for them to bring forward such proposals at this time; indeed it is their privilege that they should do so. On the other hand, the Minister of Finance is in a responsible position and must carry into effect anything that he proposes to the house. The opposition groups are able to offer proposals which they do not hope to implement, certainly at the present time; but he is obliged to face up to his proposals now and lay his plans for the whole government programme. These people present their proposals as a different method of doing things. I believe that the objective of all of us is the same. We want to prosecute this war to the end as effectively as possible. The opposition group propose to do so by a different method.

This reminds me of a traveller who was sent out from his head office to a country town. Arriving there in the early hours of the morning, he found that the railway station was a mile or two from the business and hotel section. He looked around and could find neither street-car nor taxicab to carry him to the hotel. Finally he spoke to the station agent, who mentioned that probably the mail carrier would be down and he might get a ride to the city with him later on. At last the mail carrier arrived and the traveller secured a ride with him. He began to complain bitterly of the railway station being two or three miles away from the business section of the town, when it should have been put in the middle of the town, near the hotels, as a convenience to the travelling public. The old gentleman who drove the mails, and who had been in the town for some time, finally said, "Young man, you may be right in what you say, but there are a lot of people around here who think it is much better to have the station down beside the railway track." He had a practical approach to the problem at hand, which is the approach the Minister of Finance is up against at the present time.

May I say to the minister that, while he has affected in a direct way more people than any other minister of this government, he still holds their confidence and admiration. There is no minister who has gone into the people's pockets and collected taxes, made regulations and fixed wages and price ceilings—things of that kind—to the same extent as the Minister of Finance has done; yet he enjoys the admiration of the Canadian people for what he has achieved. Moreover, he has had the satisfaction of receiving commendation from people outside our country who have watched with keen interest the success he has made of the financing of this country during this period of war. More than that, many of the policies which were established by this government during the early stages of the war have been copied in large measure by other countries.

May I here read a little tribute to him which was carried in *Saturday Night* a few days ago:

Common Sense

Mr. Ilsley's conduct as Minister of Finance has been characterized by a degree of common sense so uncommon as to be astounding. It is pure common sense to abandon the compulsory saving device, which in principle has every argument in its favour except that it works badly. It is pure common sense to extend the tax allowance to illegitimate children and to relatives-in-law. It is pure common sense not to stick on any more taxes at this moment. It is excellent common sense to make the refundable portion of the excess profits tax a valid collateral for borrowing. We still believe that common sense will, some day, when he gets around to it, lead him to distinguish between capital payments and the interest or profit element in annuities. Meanwhile we can assure

that the country loves him for his common sense almost as much as for his courage and his honesty.

There are three features of the government's war-time policy which to me have been fundamental from the beginning, and are now, and will be more so in the post-war period. It is unfortunate that they have not been more loudly proclaimed to the people of this country so that they may be better understood. Our price control policy has held prices stable. The result has been that it has maintained in this country a price structure which will be of inestimable value when the war is over. Some time ago I met some friends who had been to the United States, and who told me some of the experiences they had in visiting a home in that country. They pointed out that people over there were loud in their praise of Canadian policies particularly with respect to price control and its enforcement. The lady of the house remarked that since the beginning of the war the cost of running her house had risen from $20 a week to $35 a week and she did not know where the money had gone. Her little boy, eight years old, came in with a haircut which cost $1. That is some indication of what can happen, and some evidence of the advantage which we have under our price control system.

The other matter to which I wish to refer is the policy of borrowing from ourselves. This has had a far-reaching and fundamental effect. It has created a sense of thrift in the accumulation of savings and the paying off of debt. I believe the country will be gratified to know from the statement of the Minister of Finance that our debt, so far as the financing of this war is concerned, is owned to the extent of ninety-five per cent by ourselves.

I come to the income tax and excess profits system. Here, to me, is a great over-all experiment in the application of state socialism. It is applied on the basis of ability to pay, upon a graduated basis whereby those who have shall pay most. Our socialist friends, so far as I have heard or observed their various proposals, have never proposed anything as sweeping and far-reaching of a socialistic nature as our income tax system. It is a great social experiment which is working well and doing a job of equalizing opportunity and incomes. It is a social experiment with far-reaching effect. I often wonder why our hon. friends on the other side of the house cannot once in a while give us some little credit for the steps which have been taken in this particular regard.

There were three features of the budget proposals which I was particularly glad to see. It is a source of satisfaction to me that the foreign exchange control tax and the tariff have been lifted from farm implements. The provision will include all classes of farm implements, from dairy utensils and the smallest type of implements right up to power machinery. My feeling has always been that there was little if any justification for the foreign exchange control tax ever to have been applied to tractors and power equipment of that kind. We do not manufacture tractors in this country, so that I think we were imposing a burden of cost on our farmers which was unnecessary. May I pause, however, to point out one thing which to me does not work out with that degree of equity and fairness which I think matters of this kind should. When the foreign exchange control tax was applied, the implement companies and others naturally added the amount of that tax to their inventory. Some of them even showed it as an added tax. Now it is presumed, and I think they would admit it immediately, that once that tax is removed they will be expected to reduce their prices on imported implements to an extent equal to the amount of the tax. But the point I would call to the attention of the Minister of National Revenue (Mr. Gibson) is that the same people had large inventories when this tax was applied and to-day they have little or no equipment in their warehouses, so that to me there was a class of people there who were called upon to pay a tax which they were not justified in paying.

With respect to the application of the income tax on farmers, I am glad to note the improvement that has been suggested. However, I do not think it goes far enough, and I believe our taxation authorities would be well advised to give a good deal more study to the application of the income tax so far as the farm business of the country is concerned. We hear a good deal of complaint and some good-natured gibes at the type of income tax forms which farmers are obliged to fill out. That is not the point. When we have farmers in nine different provinces, from one end of the country to the other, it is recognized that an income tax form must be all-embracing in order to provide for the various types of farming operations that are carried on. My contention has always been and still is that the income tax, so far as our farmers are concerned, should be applied on an average of a five-year basis. At the present time some $60 million is being paid out on participation certificates on wheat which was marketed in the years 1940, 1941 and 1942. If that money becomes taxable in the current year, then I think it is unfair, and I hope the minister will see to it that

at least that money can be applied on the income tax year for which it was earned or in which the crop was marketed.

The other matter I should like to urge continued consideration of is that which applies to a farmer who sells out or liquidates his chattels. It seems to me to be grossly unfair, where a man has accumulated a certain amount of live stock and other products over a period of years, that when he is obliged to sell out for one reason or another, that is taken as income. If the minister has evolved regulations which will solve this very important problem I hope he will take an opportunity of making an announcement with regard to it.

Another matter regarding which I wish to make an observation or two is that of the taxation of cooperatives. I am not going to refer to this because I understand it is improper to do so, except to say that I think it is unfortunate and regrettable that this matter has not been settled. We have hundreds of these cooperative organizations small in size serving the people of western Canada, and to have them in a state of uncertainty with regard to their taxation status is most unfortunate. It is something that should be remedied at as early a date as possible.

May I for a moment say a word or two about the post-war period. One would think, listening to the observations of hon. gentlemen in various parts of the house, that nothing had been done by this government or by anyone else looking toward the post-war period. As illustrative of that point of view, I refer again to the one group proposing to spend some $75 or $80 million immediately on the close of the war, and the other, $5 billion over a two-year period. I submit that the whole programme of this government has been designed from the beginning to meet both the war period and the post-war period as well. The wide distribution of victory bonds and war savings certificates will be one of the most important instruments we have in meeting the post-war period. Millions of Canadians will have their own resources to assist them in tiding over from the period of war into the period of peace. There is a backlog of work to be done and supplies to be provided which will, in my judgment, tax the resources of the people of this country for a considerable period. It is the period later than that immediate post-war period that I fear more.

In my approach particularly to the post-war period, may I say that if I am anything at all I hope I am a ruralist. While I appreciate your big cities and what they can contribute to the betterment of mankind, nevertheless I do not think they would last very long or be able to maintain their splendid services, the high educational facilities and other things of that kind, if it were not for the production received from the primary producers and other rural people. Rural Canada needs repairs and needs them badly. It needs new buildings; it needs actually trainloads of paint and of lumber; it needs literally thousands of carpenters. If given an opportunity, I believe it will provide a degree of employment equal to any other branch of industry in this country. Rural Canada in my judgment needs hydro electric power, particularly lighting facilities. Compared with other countries in this regard we are very much behind. I have checked up some figures and I repeat them for the benefit of the house. Hydro electric service is supplied in Sweden to seventy-five per cent of the farms; in Denmark, eighty-five per cent; in Holland, ninety-eight per cent; in France, ninety per cent; in New Zealand, seventy-five per cent; in the United States, forty-two per cent; and in Ontario, which so far as our country is concerned has much the largest amount of hydro, it is only forty per cent, while in Manitoba it is down to two per cent.

The development of hydro and its extension throughout Manitoba will be, I think, one of the large over-all post-war projects in that province. It in turn will provide a great deal of employment both in the establishment of the lines and in the production of equipment that is necessary to go with the extension of a large development of hydro facilities. This will require capital at a low rate of interest. If that capital can be secured for extension purposes at a low rate of interest, those acquiring it can make their capital investment self-liquidating through their earnings from rentals on the Winnipeg river. This to me would be an over-all plan for post-war development of a self-liquidating nature. At the present time meetings are being held all over the province laying out plans, interesting local bodies, municipalities and boards of trade with a view to providing for the best possible utilization and expansion of hydro facilities. Nothing will do more to remove the drudgery and brighten up farm life than will paint and hydro electric power. Hand in hand with a development of that kind I would hope to see in our western provinces a further industrial development, particularly in the processing of agricultural products of a perishable or semi-perishable nature.

I have been through certain parts of this fine province of Ontario and have seen some of the developments that have gone on there with respect to cold storage facilities, quick-freeze plants, and things of that kind. May I say that so far as Manitoba is concerned it is capable of producing practically any type of farm product that is produced in Ontario and

in most of the other parts of eastern Canada, with the possible exception of special lines on a commercial scale. Nearly all small fruits and vegetables can be produced in that province. Therefore, anything that we can do toward making them more available for general use is something that I am sure should be undertaken. The farm people in the west are entitled to encouragement along this line and I hope that steps will be taken to that end.

As I said earlier, I believe that it will provide a great deal of employment. Speaking again as a ruralist, I should like to see as a post-war over-all development something in the way of assistance toward the development of community life. It might be the establishment of community halls or recreational centres and things of that kind, whereby people could take advantage of their local talents and develop them into more useful purposes, with a view to taking part on any occasion when they may be called on. A policy of that kind could do much toward developing a community spirit and a unity of purpose, particularly in some of our more or less non-English speaking districts. There we could bring those people together and do much toward developing in them a Canadianism. After all, they have much to contribute to our everyday life, and anything that we can do to encourage them is to our advantage.

I wanted to make a reference to housing. I do not come from an industrial constituency and therefore I have not quite the same appreciation of this matter as members from large cities have; but I say to you, Mr. Speaker, without hesitation, that the need for housing is very great in large areas of rural western Canada. The people who appear to be most in need at the present time are those who live in the smaller towns. Our approved lending institutions have not given them the same attention as they have to larger areas. I hope that the smaller towns will be kept in mind in any programme that may be worked out in the new proposals which are to be introduced.

I hope that the Minister of Agriculture (Mr. Gardiner) can be assisted in further expanding and developing the Prairie Farm Rehabilitation Act. Water conservation and development and reclamation schemes are all part and parcel of a post-war programme. I wonder if people realize just what prairie farm rehabilitation has meant to the production of live stock, so badly needed during this particular war period. There were put down in western Canada some eighteen thousand dugouts to supply water for farmers to produce live stock who in a large measure were previously unable to do so. Therefore I hope that steps will be taken to see that the minister has an opportunity to develop further the prairie farm rehabilitation programme.

I had intended to refer to some of the other matters that the government is undertaking looking toward the post-war period. But as my time has nearly expired I shall refer to them only briefly. Some people would attempt to lead the country to believe that the government has done nothing toward post-war planning. Earlier I made reference to what I thought was part and parcel of the government's programme with respect to the war and the post-war period. The plans made at the beginning had in mind not only the war period, but also the post-war period as well. Since that time the government has instituted several far-reaching inquiries and investigations, and called in the most capable people who could be gathered around it to give advice. I recall that in 1941 a committee of reconstruction was set up under Doctor Cyril James of McGill university to study post-war problems and make recommendations to the government. That committee has submitted a report, and those hon. members who have taken occassion to read it must have recognized that it is a comprehensive report. Later a committee was appointed on economic policy under the chairmanship of the deputy minister of finance. Then a committee of this House of Commons has been studying reconstruction and rehabilitation matters for the past few years. People and officials from all walks of life have appeared before this committee. In fact, reading the evidence and recognizing the witnesses who have appeared one finds it hard to conceive of any branch of the post-war problem that has not been given attention by this committee. It is still carrying on its activities. Then we have the committee on social security which has been carrying on for two years.

I had intended to speak particularly on some of the matters outside Canada and in which Canada is playing a leading part. I refer to international conferences looking toward the post-war period, looking to the time when the war will be over and when—

Mr. BLACKMORE: Would the hon. member permit a question?

Mr. WEIR: No, thank you. My time is just about up. When plans can be made for the period of peace, UNRRA, in which Canada plays an important part, is one of those. The conference on food and nutrition, attended by forty different nations is a study of post-war nutritional matters. Then there were certain proposals put forward by the governments of the United States and Great Britain with respect to post-war monetary

policy, particularly the establishment of a unified system of exchange. Here again Canada submitted a proposal which met with a very large measure of approval. At the present time, I am informed, this matter is being dealt with at a conference of representatives of forty-seven of the united nations, who are seeking an agreement in regard to the establishment of an international monetary policy for the post-war period.

So that, Mr. Speaker, I submit that plans are well advanced; that the groundwork has been laid for proposals which may be easily whipped into shape in preparation for the time when the war will be over. The meeting of dominion prime ministers in England only a few months ago was another conference which I think might be regarded as one more step to prepare for the post-war period. Therefore we have all this groundwork, both in our own country and abroad, with which we have been actively associated. In addition, every municipality, every city, every town and every hamlet have carried on studies and made plans for the period following the war. So that I believe we can say with some confidence that at least we know where we are going in this connection.

We are indeed a fortunate country. We enjoy a high standard of living, which was never so equitably distributed as at the present time. We have made and will continue to make progress, but in doing so we must help others. Some may fear that as we help others we may adversely affect our own standard of living. To those having this fear I commend the words uttered by President Roosevelt some time ago, when he said that as we help raise the standard of living of other people we help raise our own standard of living as well. When one views the international post-war plans now being developed one cannot help feeling that a realistic approach is being made. Let us hope that nothing will occur to offset the plans already so well advanced in the direction of carrying out the ideals of the Atlantic charter. Looking to this post-war period; approaching it with all the sincerity at my command, to me there is only one man in the public life of Canada possessing the experience, the capacity, the understanding, the contacts and the approach which will be required of the person representing this country at the peace conference when that time arrives. That man is none other than our own Prime Minister (Mr. Mackenzie King). Therefore I say that Canada will do well to bear in mind the period following this war, because whatever is done at the peace conference will have a lasting effect upon the world, and upon Canada.

Mr. J. W. NOSEWORTHY (York South): First of all, Mr. Speaker, I wish to congratulate the hon. member for Macdonald (Mr. Weir), who has just taken his seat, on his eloquent confession of faith in his party and his government. I am quite sure his belief that the public still have confidence in that party, in the light of what has been taking place during the last two years, must be very reassuring to his colleagues on the other side of the house. I shall not say anything to shake that confidence.

The point of view of the Cooperative Commonwealth Federation party has already been set forth in this debate by the hon. member for Rosetown-Biggar (Mr. Coldwell) and other members of this group. By way of general observation I want to say that it is quite evident from the budget that this government still pins its faith upon our present monopoly, capitalist system, and that where the government has entered the field of public ownership it has done so reluctantly and as a war measure. Quite evidently it is the intention of the government to withdraw from this field, once the war is over, just as quickly as conditions permit. When you accept and recognize that position the budget becomes intelligible and is probably as progressive as could be expected, having those objectives in view. This much is certain, that if we are to fall back upon private enterprise to maintain production and keep up our national income, to provide employment and mass purchasing power after the war, we must give this enterprise whatever concessions are necessary to enable it to do that job with adequate profit to capital.

I regret that the budget contains no reference to the broad field of education. I should like to urge upon the members of the cabinet that when the dominion-provincial conference, to which reference is made in the budget, is convened, educationists and education officials be given a place at that conference and that an arrangement be made under which the government may take some steps to deal with the general subject of education in this country.

I should like to confine my remarks to-night to two subjects mentioned in the budget, mining and oil. At page 4183 of *Hansard* the minister points out:

> The government has very much in mind the need of a comprehensive and many-sided programme to encourage the efficient development of our natural resources and to assure that these industries will make the maximum contribution to the expansion of employment, national income and national wealth after the war.

It is quite evident that private enterprise, as evidenced in the field of mining, and in the oil fields, has failed to meet the needs of the

nation in war time. It is quite apparent that, by various measures, the government has had to come to the assistance of those enterprises, by tax relief and other concessions. All are agreed, I think, that some important changes are needed, if those industries are to function in the future.

The minister also indicates that this subject will be reviewed at the coming dominion-provincial conference. In the budget certain concessions are made to the mining interests. Already new companies enjoy a three-year exemption from excess profits tax. Last year's budget made a provision whereby mining companies may write off exploration and prospecting expenses incurred while prospecting anywhere in Canada for base or strategic minerals. This is extended for another year by the present budget.

Undoubtedly the changes in income and excess profits tax will also benefit the mining companies. Then, one-half the expenditures on maintenance and repairs now to be charged back to the income of previous fiscal periods, may also be used to assist the mining companies, since they may include underground development work as part of their maintenance costs. I presume also that the concessions in the budget with respect to research will benefit the mining industry.

Even these concessions do not meet the requests of those interested in mining, and particularly those interested in the purchase and sale of mining stock. They are asking for much more than these concessions indicate. They ask that the depletion allowance be raised from 33½ per cent to 50 per cent of the net earnings of metal and industrial mineral mines. They want the taxes paid annually to provincial and municipal governments to be allowed as a deduction from the earnings of all mining companies, before assessment for dominion income or excess profits tax purposes. They want also that all annual expenditures made by mining companies on outside explorations in any part of Canada, except cost of options or the purchase of property, be allowed as deductions from earnings before assessment for dominion income and/or excess profits tax.

The hon. member for York West (Mr. Adamson) has ably set forth the case for the mining companies, and the claims which have been put forth in various briefs by organizations interested in mining. I think all hon. members recognize the importance of mining in the national economy. We are all anxious that in the post-war period the mining industry, and other natural resources of this country, should be developed in the interests of the people of Canada. Doubtless drastic changes are needed.

[Mr. Noseworthy.]

There are, however, other factors which have to be taken into consideration, and which should be considered by the dominion provincial conference, when it sets forth the new conditions under which mining is to be conducted. Let it not be forgotten that it is not the prospector of whom we have heard so much in the house, who usually profits from his discovery of mining claims or minerals. Usually he is the one who profits least from the discoveries he makes. Let us also remember that in many instances those who derive the most profit from the mining industry are those who manipulate the mining stock market, and who make little if any contribution to the actual development of our natural resources.

Again I think we should keep in mind the fact that we have no assurance, when the government has come to the assistance of mining companies, by way of tax concessions and various other means, that when those mining companies reach a profitable stage of development the profits accruing therefrom may not revert to a very few individuals, and the general public profit but very little.

There is another point which should be considered. Even to-day, with all our drastic tax regulations, it is still possible for those who are interested in mining to secure properties from prospectors, organize stock companies, unload the stock on the public and make profit therefrom, while their profits from that field go untaxed, since they are considered as capital increase, and not profit. That is a very broad field which has not yet been touched by our tax collectors. I think it would be well to consider what has happened in respect of one very successful mining company which in its 1943 report has complained of high taxes, shortage of manpower, the high cost of labour and decrease in profits. Let us review its history, briefly.

I refer particularly to the Lake Shore mines. This mine was incorporated in 1914, and began milling operations in 1918. The property is in the Kirkland lake area. In 1933 it obtained control over Kirkland, Hudson bay claims, Minnaker, and Kirkland claims. Its operations have been extremely profitable, as I shall show from figures taken from the *Financial Corporation Analysis* for October 11, 1943. This company when incorporated was authorized to issue and did issue 2,000,000 shares of stock at a par value of $1 a share. On this $2,000,000 capitalization the company has paid dividends and bonuses totalling $90,420,000 or $45.21 a share of a par value of $1. Since 1918, that is to say, every dollar

originally invested has earned $45.21 a share, or an average yearly return of $1.80, or 180 per cent, on the original investment.

Dividends and bonuses reached their peak in the depression years. Dividends reached $6 per share, or 600 per cent on the original investment in 1937, and $5 per share, or 500 per cent in 1938. In the banking and commerce committee we have been giving the bankers a rather rough ride for having paid dividends amounting at one time to sixteen per cent, but in the light of this 600 per cent the bankers are novices compared with these men as financiers.

Mr. WOOD: Would the hon. member permit a question?

Mr. NOSEWORTHY: Surely.

Mr. WOOD: In view of what the hon. member has just stated, the great profits of one particular mining company, would it not be fair for him to mention some other mines in which there have been great losses, because if the government went into it they would have to absorb those large private enterprises and stand the losses. I would like the hon. member to give us an answer to that.

Mr. NOSEWORTHY: The point I am making here is that when the government has made tax concessions, when it has come to the assistance of the mines in order to bring them to the stage of development, there is no evidence that the public is going to profit by reason of the government's investment. On the contrary, the likelihood is that the government will bear the expenses of those mines that are unprofitable, while those that are profitable will pass their profits on to a very few individuals.

Even if we base those dividends on the book value rather than on the par value of the stock the payments are still exorbitant. In terms of book value they range from 149 per cent in 1939 to 35 per cent in 1943. The tremendous dividends paid on the stock have raised and maintained its market value at fantastic levels. This stock which sold originally at $1 par value reached a high of $62 in 1936. It was never lower than $16. It was $16 in 1926 and is back again near that price at the present time. Despite the tremendous aggregate of $90,420,000, the capitalization remained unchanged at $2,000,000, and the concern has remained relatively small. Its total assets in 1939 were valued at $8,066,358, and in that year it paid in dividends $8,000,000. In other words, it paid in dividends almost as much as its total assets were valued at. The company has unquestionably exploited the natural resources and has paid out tremendous dividends totalling many times the original investment. Little has been set aside for depreciation. Surpluses above dividends have been valued at considerably more than the total capitalization, and in some years, for instance in 1939, 1940 and 1941, the company paid part of its huge dividends out of its accumulated surplus.

Mining interests are asking the government to raise the ante on depletion exemptions, to exempt depletions up to fifty per cent. Here was a very successful mine which depreciated its own surplus in order to pay out dividends, the depletions being from $1,278,129 in 1939 to $198,682 in 1941. Yet these are the people who come to the government asking that a greater allowance be made for depletion. In other words, instead of the surplus earnings from this company being used to any extent to finance an expansion of operations so as to increase total output, they have been dissipated in the form of large dividends and bonuses to stockholders.

The total value of assets, gross earnings, net income and dividend payments from Lake Shore Mines has been falling steadily since the war began, and taxes have declined correspondingly. The dividend rate, however, has remained substantial. Even the eighty cents per share rate or $1,600,000 in total dividends and bonuses in 1943 represents a return of thirty-five per cent on the book value of the stock as of that year and more than twenty-two per cent of the total assets of the company.

As I have pointed out, in 1939 the dividends totalled $8,000,000, or almost the equivalent of the entire value of the total assets of that year. Despite this phenomenal record of earnings, perhaps because of their dissipation in huge dividends and bonuses, the company reported difficulty in maintaining operations. In its annual report for 1932 it complained that:

> The war has made it necessary to tax the income of mines far beyond the point where they can expand or even long exist.

This statement, in the light of the record of this company, and as made by this company, is simply ridiculous. In 1943 their report points to other difficulties: The labour strike in 1941-42, the growing man-power shortage in wartime, the growing degree of "rockburst" due to greater depth of operations, have all reduced the tonnage of ore processed and thus reduced earnings. But "in the meantime," the report states:

> . . . operations continue to show a good profit, ore reserves developed ahead of mill requirements are adequate, results of new deep levels carry considerable promise, and the company's

financial position remains strong, with the present dividend rate of 20 cents quarterly fairly well protected with current earnings.

As regards the tax policy of the future, this company's record, at least on the face of it, would justify maintaining the present excess profits tax and making no allowances for depreciation and expansion. It has earned enough to finance many times more expansion than it has ever undertaken, even in war years. Tax concessions in this case would merely fatten the net income of the concern and enable it to pay even more fantastic dividends. It raises the question as to what extent can we depend upon the profit motive to provide socially useful expansion in our mining area.

Another industry about which the government has become very solicitous, an industry to whose assistance the government has had to come in war time, is the oil industry. In the light of the fact that one company, the Imperial Oil company, controls fifty per cent or more of our supply, and was recognized by the Stevens committee as being the company which fixed the price for other companies, and inasmuch as this company is about seventy per cent owned by Standard Oil, it is well to look into its earnings, as an enterprise to which we have made such concessions in the Northwest Territories, before we begin making too many more government concessions. I have not time to go fully into the history of this company. It is an example of a corporation which has grown tremendously, has financed its own rapidly expanding operations and has built up a large capitalization almost exclusively through ploughing back its surplus profits into its business.

The original number of $100 par shares was doubled in 1915 with a 100 per cent stock dividend, and has been increased sixty-four times since then by three four-to-one splits in the stock. So that for every $100 par share originally held, there now exist 128 shares of no par value whose book value is $5.80 a share and whose present stock value was quoted yesterday at $14.50 a share. In other words, for every $100 invested in the original company there is now $1,856 in stock. The original capital investment of $10 million has grown to about $40 million by other issues of stock. To-day the total assets are given at $181,250,000. In addition to the splits in stock, shareholders were able to get additional purchases of shares at especially favourable prices. The dividends paid on these shares have been very substantial. The par value of the shares was $25 up to 1924. In 1925 they were split four ways, giving them a nominal value of $6.25 each. On this $6.25 nominal par value dividends per share were paid as follows: in 1925, $1, or fourteen per cent; in 1926, $1.25, or twenty per cent; in 1927, $1.50, or twenty-five per cent; the same in 1928. In 1929 the stock was again split four ways, giving a nominal par value of about $1.56 a share. On this basis the shares paid dividends as follows: 1929, 87½ cents, or practically fifty per cent; 1930, $1, or sixty-six per cent; 1931 to 1933, fifty cents, or thirty-three per cent; 1934, 92½ cents, or sixty per cent; 1935 to 1938, $1.25, or eighty per cent; 1939, $1, or sixty-six per cent; 1940, 62½ cents, or forty per cent; 1941 to 1943, fifty cents, or thirty-three per cent. In other words, there was continual splitting and multiplication of stock during the boom days of the twenties, and on this split and multiplied stock, earnings per share remained the same during the nineteen-thirties. Since the outbreak of the war this has been reduced slightly but still is exorbitant in terms of what the stockholder has put into the concern.

Those are the companies which are to-day crying for government assistance, for remission of taxation, companies to whose assistance the government has had to come in order to meet the war needs of the nation. Certainly a situation of that kind provokes the question raised by the minister in his budget speech, that of the need of some radical change being introduced if those industries are to function in the interests of all the people of Canada, instead of functioning, where successful, in the interests of a comparatively small group of shareholders. Hon. members opposite and to our right may disagree with the policy of the Cooperative Commonwealth Federation in relation to those companies; but disagree as you will, I think we have to face the fact that neither in peace time nor in war has the development of our natural resources, as it has been carried out in the past, met the basic needs of the people of Canada, so that some means whereby that development can be brought into line with the needs of the country must be found by whatever party takes government in Canada.

Mr. A. D. LÉGER (Kent, N.B.): In taking part in this debate I wish first to congratulate the Minister of Finance (Mr. Ilsley) upon the able way in which he delivered the budget. The budget this year is of great magnitude, which I would say was contemplated by all serious thinking Canadians, though those who want to play politics will find faults in it. This would be expected in peace time, but surely not in war time and especially at this crucial moment when our forces, along with those of the allied nations, are in the most desperate struggle the world has ever known.

We are, one would say, at the cross-roads in the battle of freedom and democracy. The Canadian people in general want this government to supply the armed forces with all the best equipment that money can buy. In these modern times science has developed so many instruments of destruction which are very costly, but they must be supplied in order to beat down the forces of evil who are attacking us.

We are winning the war, but more gruesome days are still to come. Evil has never won over righteousness. The supreme power is on our side, and for this reason we shall win, so that the four freedoms of the Atlantic charter may be obtained. The Canadian people have done a great job so far and will keep on doing so until the war is won. Industry has produced beyond our imagination. Our farmers and fishermen have produced more than at any other time in our history, with much less manpower, which means that they have worked harder and longer hours. They have done so and will do so to the end of hostilities. There are certain regulations which had to be passed in order to stop inflation and they do not suit many of us; but it must be realized that they were passed for the general welfare of our people. Canada was asked, along with the Americans, to feed most of the allied nations, and as the war progresses they are being asked to feed the nations that we are liberating.

Canada has a big job to do and will do it, because all the Canadian people understand and know the hardships, the sacrifices, the torture and the humiliation which the European peoples have had to endure in the last four years. One must also take into consideration the destruction which has occurred and which is taking place at present in England, in North Africa, in Russia and all over Europe. We in Canada have until now been very fortunate, so much so that some Canadians—thank God only a small group—do not realize the seriousness of the war and are prepared to criticize the restrictions which had to be passed.

During this session the government has established a reconstruction department whose duty it will be to provide work, to launch public programmes, to develop more natural resources, to turn every war-time plant into a peace-time industry, and to provide certain facilities to our maritime farmers and fishermen, as well as to meet certain needs of the western provinces. The farmers of New Brunswick, especially in my riding of Kent, are in need of warehouses and cold storage facilities so that the farmers may keep and sell their produce in groups rather than individually. The fishermen of Kent county as well as of the maritimes generally need quick-freezing plants at certain points in each county so that their fish will be quickly frozen, and as soon as possible after it is caught. In this way the fish will maintain the good flavour which it has when eaten fresh, and the people of the central provinces will then appreciate our different varieties of fish caught in the salt waters of the maritimes, the flavour of which is so superior compared with that of fresh water fish.

Candidly, I believe that the Minister of Finance should carefully consider these suggestions with the new Minister of Reconstruction and have them become realities after the war. A programme of decentralization of industry should be embarked upon as soon as possible. We should undertake the development of our natural resources in all Canada and not only in the central part of the dominion, and when I say the central part I mean Ontario and Quebec. We have in the maritimes, at Hopewell, New Brunswick, near Moncton, a great hydro possibility through the harnessing of the tidal water at the junction of the Memramcook and the Petitcodiac rivers. Both these rivers meet at one point to flow into the bay of Fundy. It is known that these rivers and the bay of Fundy have a great rise and fall, an average of forty feet twice in twenty-four hours in normal times, and as high as fifty-five feet in the spring at Hopewell.

I am glad to know that both the government of New Brunswick and the dominion are negotiating to have an accurate survey made of these possibilities. If this investigation proves the project feasible, we should embark upon the construction of it as soon as possible after the war, because this development would provide electric power as cheap as any place in Canada, thus inducing manufactures to establish in our province. Doctor Turnbull, a prominent engineer, has made a thorough study of the project and believes it is quite feasible and could produce electricity as cheap, if not cheaper, than any other hydro development in Canada.

We must also see to it that the national revenue is fairly distributed among all classes of the nation—especially the farmers and fishermen of the maritime provinces. Floor and ceiling prices must be established if we want to control the revenue so that it is fairly distributed among all classes. My reason for mentioning this at this time is that we all know that the Department of Finance plays a big role in all these ventures. The people of Canada and the world want these things to become a reality and the government will have to do something. We all know what happened to France with all her different

parties; we are on the verge of the same reaction in Canada unless the Canadian people wake up to the fact that a government is the people of the nation, and the money it spends must come from the people in the form of direct or indirect taxes or loans. Let us imagine having some irresponsible or radical government handling Canada's affairs after the war. This would be disastrous for the future progress of Canada. It is a recognized fact that the Prime Minister (Mr. Mackenzie King) is one of the outstanding political economists in the world to-day. Fortunately, the Canadian people are realistic and recognize very well that the future of Canada depends on the present Prime Minister remaining at the helm of the government, so that when the war is finished, he will be at the peace table looking after the interests of Canadians for generations yet to come.

Mr. G. T. FULFORD (Leeds): Like the hon. members who have preceded me in this debate I wish at the beginning of my remarks to compliment the Minister of Finance (Mr. Ilsley) not only on this budget but on all preceding budgets that it has been his responsibility to introduce in this house. I know it is not a pleasant job to increase taxes year after year as the war progresses. Especially would that be disagreeable when he himself has to pay the very same taxes we and all the rest of Canada are asked to pay. This is total war, and that is our method of financing our share of the war. I believe Canada's contribution will go down in history as one of the most remarkable that any country with a small population has ever made in time of war. Surely the responsibilities and duties of the minister should not be made doubly hard by sniping at him from ambush, especially by members of his own party. It is indeed a load too much for any one man to carry.

The people of Canada have confidence in our minister. I do not believe that there is anybody in the government in whom they have more confidence; yet there are those in this house who condemn him for doing what he knows in his own mind is right, although at times it is the hard road for him to follow. Oh, it would have been a great thing if in this last budget taxes could have been substantially reduced. I am sure that nobody would have enjoyed reducing them more than the minister himself; but may I repeat, this is total war and the war is not yet won. The German army is showing signs of disintegration, but we get very little news of the morale of the country. If Germany does collapse this year, as we all reverently hope and pray, we still have Japan to defeat and we still have the immediate post-war period which will require tremendous financing.

I believe that certain inequalities have been eliminated in this budget. I was particularly pleased that the tariff and the excise foreign exchange tax have been eliminated from farm machinery. In spite of what the hon. member for Qu'Appelle (Mr. Perley) said this afternoon, there is no doubt that as soon as farm machinery is again available in large quantities farmers will have to renew a great deal of the machinery which is not only worn out but, in many instances, obsolete. During the years of depression many farmers were unable to buy even repair parts. They had to resort to makeshift repairs by the local blacksmith shop or by themselves in order to keep their machinery together. As soon as the war is over, those machines will be renewed, and there will be a great saving to the farmers who buy machinery not only in the vast prairies of our west but also in eastern Canada.

I was also pleased to see the ten per cent compulsory savings clause of the income tax act abolished. By the abolition of this feature of the act those who are wage-earners in the low income tax brackets will benefit the most and, as incomes increase, the saving will be increasingly smaller until the limit of $1,200 is reached. In many instances this compulsory saving was never paid owing to the offset of insurance policies and other methods of saving effected by those who could afford to do so.

Representing as I do a riding which is partly agricultural and partly industrial I heartily commend the minister for the two reductions which have been effected in this budget. I am very keen on having a floor maintained after the war under agricultural prices. Never again do I want to see the farmers of my riding, which is one of Canada's greatest dairying counties, having to accept sixty-five cents a hundredweight for milk. To-day they are receiving roughly $2 a hundredweight, which is a fair return for their labour and capital investment. I believe that by long term agreements with Great Britain and reciprocal agreements with other nations throughout the world, Canadian farm products can be sold at established prices and our surpluses disposed of beyond the shores of this country.

I should like to speak very briefly of small industries which before the war were working on a shoe-string, industries employing from six to twenty men or women. Some of these industries are engaged on war contracts, and

consequently are allowed special depreciation, but I would say that by far the greater proportion have carried on as in peace time, or have received subcontracts from the larger war industries. Many of these concerns made such small profits before the war that they lived from hand to mouth. While they had the right to appear before a board of arbitration to decide what should be their normal profit, when the 100 per cent excess profits tax is collected, apart from the twenty per cent which is to be refunded after the war they will be left without reserves, and unless they are given special consideration I am afraid many of these industries will not be able to survive the period of readjustment.

It is my sincere belief that the vast majority of hon. members on all sides of this house are conscientiously endeavouring to improve the conditions of the common people. To be conscientious, however, one must be sincere and, above all, consistent. For that reason I was astounded at the remarks of the hon. member for Dufferin-Simcoe (Mr. Rowe) as reported at page 4338 of *Hansard:*

> I can well recall when the compulsory savings plan was adopted. Some may not have understood me when I said it was on this side of the house it was proposed, and it was on that side of the house compulsory savings were adopted. To-day they are disbanded. Why? It would seem that they are needed more now; they are needed more at the present time.

Now I turn to page 4346, where I find the amendment moved by the hon. member, and read paragraph (b):

> that no effective action has been taken to grant a measure of relief to the men and women in the lower income brackets by raising the exemption in income tax for single persons to not less than $800 per annum and for married persons to not less than $1,600 per annum.

I do not think anything could be more inconsistent, more completely contradictory than those two statements. I also believe that our hon. friends opposite must be pretty hard pressed for arguments when the hon. member for Vancouver South (Mr. Green) should have to devote the greater part of his speech to a criticism of the man-power policy of the government. It is true that our man-power policy is not perfect, but I venture to say that one of the matters most criticized in any democratic countries constituting the united nations is the very point dealt with by the hon. member for Vancouver South. I know you seldom pick up a United States newspaper without reading some article or the report of some speech condemning the United States selective service system, in spite of the fact that the United States has had conscription for overseas service since the outbreak of war. To me it is a revelation that Canada, a country with a small population, should be able to produce so much. It is true that we have a vast store of natural resources, but if our man-power policy had been completely at fault we never would have been able to attain the position Canada occupies to-day, as the fourth largest producer amongst the united nations.

Since coming to this house I have followed as closely as possible the arguments advanced day after day, week after week and month after month by the Social Credit party, but I am still in the dark as to just what their members propose. If they can solve the problem of distribution after the war, I say, more power to them, but certainly I have not heard anything from that corner of the house to lead me to believe they will be able to do so. If they could do away with the old vicious circle which is characterized by the man planting corn to raise pigs to kill pigs to make fertilizer to grow corn, then they would accomplish a great deal, but I doubt if we shall ever see that vicious circle again.

The policies of the Cooperative Commonwealth Federation should be clear as crystal, but somehow they are not. To me they are a potpourri of socialism and, if I may use a modern slang expression, double talk. I have found it impossible to get anything but evasive answers to pertinent questions. I have yet to hear the leader of the C.C.F. party, the hon. member for Rosetown-Biggar (Mr. Coldwell), definitely state what is meant by the conscription of capital. By that does he mean the conscription of savings accounts, or life insurance policies or war savings stamps or bonds? How much of it or would all be conscripted? Nothing but evasion has ever been given to that question. In fact, I find that asking members of the C.C.F party for a definite answer is like trying to nail a piece of jelly to the wall: it just does not nail.

On one hand we hear private monopolies condemned, while on the other hand, according to the logic of the C.C.F., they would create the greatest monopoly of all, namely complete government ownership. They decry the capitalistic system, the system under which Canada has built up one of the highest standards of living in the world. I believe that our standard of living is exceeded only by that in the United States, which, incidentally, is also a capitalistic country.

Actually the whole world was in turmoil before the world war. There was greed and suspicion instead of determination and understanding among members of the League of Nations. Here are but a few factors the C.C.F. omit to mention when referring to the depres-

sion, one of the world's worst depressions, which occurred in the decade preceding this war.

First of all, we must go back to the stock market crash in 1929. From 1926 to 1929, everyone who could scrape up a few dollars plunged into the stock market, in an attempt to get money without working. Stenographers in offices, filing clerks, yes, even office boys would spend their lunch hours in brokerage offices, watching the prices of various shares as they appeared on the ticker tape. This was one of the most glaring examples of inflation that one could imagine. Certain stocks rose to unheard of heights, even after commodity prices had started to break.

Naturally, deflation set in, and overnight, in October, 1929, millions were wiped out. Certain regulations have since been put into effect which, I believe, will eliminate any such wild orgy as we saw on the stock market between 1926 and 1929.

In the early thirties Russia was completing its first five-year plan, and was beginning its second five-year plan; the grain markets of the world were flooded by Russian grain, particularly Russian wheat. I am not condemning Russia for taking this action. I happened to be in Russia in 1931, and I saw people going without the bare necessities of life in order to sell this grain abroad, so that they could acquire the necessary foreign exchange and foreign gold with which to buy the machinery to start their industrial development. Had they not made that sacrifice, I do not believe the Russian people would have been able to throw back the German hordes as they did at the gates of Moscow, and as they did from the very heart of Stalingrad. It was through that sacrifice that Russia came out on top. Nevertheless, the fact remains that Russia undersold the world's grain markets, and farmers in the Canadian west had to suffer.

Then, let us consider the accumulation of gold in the United States at that time. That gold was sent to pay for war debts owed to that country, and it was promptly buried at Fort Knox, Kentucky. No one realizes mistakes to-day more than does the United States.

One of the problems which must be faced and solved at the monetary conference taking place at Bretton Woods, New Hampshire, will be to find methods of using this gold, so as to create credit in those countries that have felt the oppression of the nazis, and those countries which will have to be rebuilt from the ground up, financially and economically, after the war.

[Mr. Fulford.]

We must remember, too, the war of tariffs which began and continued throughout the thirties. Each country thought it could live unto itself. We know that after this war no country can live unto itself; no country can dominate the rest of the world. We must learn to believe each other, to help each other and to develop a league of nations which will really function, a league of nations in which countries will respect and trust one another.

We remember, too, the growth of fascism, which started in Italy. That belief rapidly spread to Japan. We must remember, too, that Japan was the first country to take action in this war, when she marched into Manchuria in 1931. At the same time Japan was flooding the world with cheap goods. All hon. members will remember electric light bulbs made in Japan which burnt out the very first time they were placed in a socket. At the same time Germany undersold the world in heavy machinery and manipulated her foreign exchange in such a way as to get gold to purchase the essentials to manufacture war materials. Germany then took back the Ruhr, and Italy marched into Ethiopia.

All these factors contributed to the world depression—not the capitalistic system. We shall recall, too, the anschluss in Austria, the Munich conference, with the whole world upset. We remember the carving up of Czechoslovakia, with the result that the world was in a maelstrom of uncertainty.

As a final result, war broke out. But war will not always last. Canada can come out on the top, if we hold our heads after the war. We shall come out on top if we retain those sound financial policies set forth by our Minister of Finance, and if we carry along on the road laid by him. We owe it to those who are overseas that the Canada to which they will come back will be on a sound basis financially and economically, not a Canada in which a group of inexperienced experimenters are trying to run the country.

On motion of Mr. Ralston the debate was adjourned.

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

Friday, July 7, 1944

The house met at three o'clock.

AGRICULTURE COMMITTEE

Second report of standing committee on agriculture and colonization.—Mr. Weir.

LABOUR CONDITIONS

INQUIRY WITH RESPECT TO DELEGATION ON FARM LABOUR SITUATION

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I desire to direct a question to the Minister of Labour, who I think is the appropriate minister, although three ministers are involved. I understand that a delegation of farmers met three ministers, as well as the director of national selective service, in Ottawa yesterday and presented a resolution endorsed by thirty-six Ontario county units of the federation of agriculture, which resolution contained constructive proposals for relieving the present acute farm labour situation. Will the Minister of Labour indicate to the house the nature of these proposals, as well as the steps which the government is prepared to take with respect to them?

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I have not the resolution with me, as this matter came on my desk just before I entered the house. We did have a conference with the delegation, and I would say a very successful conference. As the leader of the opposition (Mr. Graydon) has intimated, the delegation met two other ministers as well as myself, the Minister of National Defence (Mr. Ralston) and the Minister of Agriculture (Mr. Gardiner). As my hon. friend is well aware, we have an agreement with every province in Canada respecting the placement of farm labour, not only in the summer months but the whole year round, and these agreements have worked very satisfactorily in every province. But in addition, after hearing the representations of the delegation it was decided that a committee, accompanied by an official of the Department of Labour, would meet the district officers commanding at Toronto, London, Kingston, Petawawa and Borden with a view to speeding up the granting of leave to men who wish to go farming to the fullest possible extent consistent with army needs.

We also telegraphed the ministers of agriculture for Alberta, Saskatchewan and Manitoba with a view to moving an additional 500 experienced farmers from the western prairies to eastern Canada so that they would be able to help harvest the heavy crops in eastern Canada. We had a similar movement last year. The hon. gentleman will understand that the crops this year in the east are heavier than last year.

It has also been decided to recruit 500 students, seventeen years of age or over, who have had farming experience or who come from farm homes in western Canada to give us some assistance with the very heavy crop in this part of the country.

A letter has also gone out to all the industrialists of Ontario urging upon them the desirability of releasing as many experienced farm workers as possible, consistent with maintaining war production, to assist in harvesting the crop.

In addition to that, I might say that we are of course working in very close cooperation with the Department of Agriculture of Ontario, as we did last year. Last year we placed over 100,000 on the farms of Ontario through the instrumentality of that cooperation. I have also sent a direct appeal to the mayors and other municipal officials of all the municipalities in Ontario in an effort to ensure wherever possible the granting of leave to municipal employees in order that we may get over the hump of the haying season and the peak of the farm season in Ontario.

STRIKE AT UNITED SHIPYARDS LIMITED, MONTREAL

On the orders of the day:

Mr. VINCENT DUPUIS (Chambly-Rouville): Mr. Speaker, with your permission I would like to ask the Minister of Labour:

1. Has a strike occurred in the plant of United Shipyards, Limited, at Montreal?

2. If so, what steps are being taken by the federal Department of Labour to settle the dispute?

3. Has the union holding the collective bargaining agreement asked for police protection because of the attitude of a minority of the workers?

Hon. HUMPHREY MITCHELL (Minister of Labour): I will answer the first and last questions first. A strike has taken place in the United Shipyards in the city of Montreal, engineered by a minority group there. The union in question has asked for protection in order to permit the membership to go to work in an orderly manner. Arrangements have been made that every protection will be given to those union workers in that particular shipyard to see to it that they carry out the terms of their agreement so that the construction of these very necessary ships at this critical time in the nation's history will be proceeded with.

CANADIAN ARMY

CENTRAL MECHANIZATION DEPOT, LONDON, ONT.

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I wish to direct a question to the Minister of National Defence. I regret that I have not sent him notice of the question but it is of such a nature that perhaps notice is not required. On June 29 I asked a question with regard to the situation which was alleged in military district No. 1 at London, Ontario. Has any investigation been made since that time and has any irregularity been discovered? Because of the nature of the answer to my question on that day, I ask this supplementary question now. I understand that recently a further investigation has been made and it is alleged that some grave irregularities have been discovered.

Hon. J. L. RALSTON (Minister of National Defence): I wonder if my hon. friend would remind me of the question to which he refers.

Mr. COLDWELL: The question I asked, as reported at page 4334 of *Hansard,* was:

1. Will the Minister of National Defence inform the house whether an investigation has been instituted into alleged irregularities at the central mechanization depot in London, Ontario? 2. If such an investigation has taken place, what irregularities, if any, have been discovered? 3. Has the attention of the minister been drawn to the possibility of irregularities in other divisions of military district No. 1, and will the minister consider instituting an investigation into the administration of the entire district?

Mr. RALSTON: I remember now. The investigation, I believe, is still proceeding. I have not had any report on it at all but I shall inquire.

AERONAUTICS ACT

CIVIL AVIATION AND COMMERCIAL AIR SERVICES—AIR TRANSPORT BOARD

The house resumed from Wednesday, June 21, consideration in committee of bill No. 133, to amend the Aeronautics Act—Mr. Michaud—Mr. McCann in the chair.

On section 1—New heading inserted.

Mr. DIEFENBAKER: When this matter was last before the committee some reference was made to the fact that certain provinces might feel constrained to establish air companies within their confines because of the restrictive nature of the provisions of this bill from the standpoint of air development. The minister indicated that under the aeronautics case the jurisdiction of the federal government was supreme, and inferentially that the provinces could not establish any interurban, intercity or intertown air services. Has the matter been submitted by the minister's department to the Department of Justice with a view to ascertaining whether the provinces have or have not that power? I have looked over the aeronautics case and it would indicate that, within the powers of the several provincial legislatures under section 92, air companies could be started by a province and operated by the province, subject only to the control of the dominion authority in so far as safety regulations, the qualifications of airmen, and so on.

As I read the privy council appeal from the aeronautics case reference 30 Supreme Court Reports, 663, it appears to me that flying within the province itself could be engaged in by provinces. The reason I mention that is that everywhere in the United States to-day there is widespread development to meet the post-war air situation, while little or nothing is being done in this country. On July 6, as reported at page 4551, I asked a question with regard to the purchase of land for airport purposes. I wanted to know whether any land had been purchased in Vancouver, Edmonton, Regina, Winnipeg and Malton, and the only purchases that have been made were certain purchases at Edmonton, Vancouver and Regina. If when the war is over we are to assure our returning air men of an opportunity for work and an opportunity to serve, it cannot be done under the present provisions of the present bill. In the United States, in order to assure availability of jobs for as many returned men as possible, the C.A.A. is increasing its airports and believes that by the time the war is over some 6,000 will be established in the smaller cities or towns, provided the air service plans now being developed as a result of competition between private enterprises on interurban service are put into effect.

In 1941 there were only seventy-six airports with runways thirty-five hundred feet long or more; to-day there are eight hundred and sixty-five. In other words, because the air companies in the United States have an opportunity to compete and to set up services between cities and larger urban centres the government of that country is making preparations to expand interurban and other facilities. In Canada the future of air development is uncertain. If the government is to take over the airways of this country it can never hope to meet the needs in the establishment of air fleet systems between cities and towns in what may be called bus line service. Take the city of Winnipeg as an example. That city is on the line for the development of a world service, and yet to-day it has not the air

facilities that it must have in anticipation of post-war development. Saskatoon and Prince Albert in northern Saskatchewan are other examples. Prince Albert is the centre of development of air transportation into the north in Saskatchewan, yet there is no suggestion of airways or an airport to meet the potentialities of the post-war period.

If the provinces have the right to enter into interurban airways, my submission is the transportation facilities and needs within those provinces will be met much more readily and much sooner than if the matter remains entirely subject to the authority of the government airways. Only recently in the welcoming the incoming president of the institute of mining and metallurgy, Mr. Drew, speaking at Toronto, is reported in the press to have said:

> Canada is far behind other countries in development of interurban air transport. Taking Ontario as an example, covering an area equal in size to a considerable part of Europe, only five communities are served by regular air transport. They are Toronto, London, Windsor, Ottawa and North Bay.

At a meeting of the aeronautical institute it passed resolutions asking that something be done to give small private enterprises the opportunity to apply now for licences to place smaller towns and cities of this country on the air maps by making provision for the development of air service between them. What consideration has been given to this matter? It would in no way interfere with the rights of the Trans-Canada Air Lines' across-Canada service. It would provide an incentive and an opportunity for small companies to build up air bus lines between cities and towns within the various provinces. It is being done in the United States, and according to the latest records so much interest is being taken in the matter that applications by the thousands are being made to this end and are being decided now by the aeronautical authorities in charge of this administration.

When the board is set up the minister should give the assurance that in so far as interurban or intercity routes are concerned the board will consider applications now for the setting up of companies and the allocation of lines. I do not say that that could be done with all important routes, not by any means. But consideration should be given to a sufficient number so that development will be under way when the men in the air force come back from overseas, and they will find something available for them to do. If that is not done, when they are demobilized they will return to civilian life and will not be able to use the knowledge and technical skill which they have received during war service, and the failure to provide opportunities for them will result in their gradually going into some other line of work in civil life.

I understand that there are applications from Ontario and Quebec before the present board asking for the right to operate private lines on short air routes that by no means could be operated by a central authority. What are the plans in regard to the development of airports? I mentioned only a few of them—Winnipeg, Regina, Saskatoon and Prince Albert. What is being done now? What are the plans for the immediate future? Has the government given consideration to having the air transport board appointed at once and given the right immediately to consider applications and make decisions? I do not wish to repeat my premise, but if that were done there would be available, in part at least, an opportunity for these returned airmen to be absorbed in an occupation for which they have been highly trained and for which they have every qualification.

Mr. HOWE: The first point raised was as to whether or not the provinces have the right to control civil aeronautics operations within their own boundaries. My reading of the aeronautics decision indicated to me that they had not that right. The domain of the air comes under federal jurisdiction. However, I may say we have had no application from any province to exercise that right. I understand that we are about to receive one. Recently the premier of Ontario made a speaking tour in the north country, during which he promised provincial air transport services to a number of communities in that area. When that application is received, we shall be very glad to consider it. In the meantime we assume that Mr. Drew will be active in building the necessary facilities such as airports, radio ranges and all the aids to navigation that that enterprise involves. Therefore I think that that question can very well wait until Mr. Drew's application is received. I expect to remind him from time to time that he has made the promises, and I will continue to urge that he carry them out.

The next question had to do with the lack of expansion of air facilities. The hon. member mentioned the expansion of a number of aerodromes in the United States during war years. May I point out that the expansion of facilities in Canada is in proportion considerably greater than that of the United States. All aerodromes that have been built in the United States during the war period have been built for war purposes. In the same way

every aerodrome in Canada that has been built during the war period has been built for war purposes.

Mr. DIEFENBAKER: Is that true in the United States?

Mr. HOWE: Yes.

Mr. DIEFENBAKER: That is not my reading of it.

Mr. HOWE: Then tell me of one not built for war purposes. Surely my hon. friend must have some examples. He should not expect me to answer vague questions and then, without knowing the facts, challenge my answer.

Mr. DIEFENBAKER: The minister's denial has too often been the highest corroboration of the truth of the statement denied.

Mr. HOWE: Well, when my hon. friend suggests that hundreds have been built he should be able to mention one.

Mr. DIEFENBAKER: Yes, I said there were hundreds.

Mr. HOWE: But my hon. friend cannot mention one. The hon. gentleman implied that there had been a great expansion of civil aviation in the United States during the war years. As a matter of fact there are fewer civilian transport planes flying in the United States to-day than there were at the outbreak of war, just as there are fewer planes on our own purely civilian operations in Canada to-day than there were at the beginning of the war. Aviation authorities in the United States have taken the view that the facilities of the industry should be devoted wholly to war purposes, and Canada has taken the same view. We have built in this country an immense number of planes, I believe more than twelve thousand. All these planes have been military types with one exception, a transport type which has been used almost exclusively for war purposes.

My hon. friend suggests that there is activity in the United States now in connection with the hearing of applications for new routes. That is true; the hearings were opened a few months ago, and if this act is endorsed by parliament it is intended to follow a similar procedure in Canada. That is, applications for routes will be received and considered. That is the purpose in establishing the board provided for under the act now before parliament. Have I covered the ground?

Mr. DIEFENBAKER: There was one question with which the minister did not deal. Has there been any submission to the Department of Justice on the question—

[Mr. Howe.]

Mr. HOWE: This bill was drafted by the Department of Justice. I have not asked for an opinion, because I have had no reason to be interested in an opinion. If an application is received an opinion will be obtained. I may add that the jurisdiction of the United States over aviation within a state was challenged, and the fact was established that it is a matter coming under federal jurisdiction.

Mr. DIEFENBAKER: But their constitution is different from ours in respect to the allocation of residuary powers.

Mr. HOWE: Perhaps. If anyone cares to challenge the ruling given by the privy council in the aeronautics case, we shall be glad to get an opinion from the Department of Justice. In the meantime it is purely an academic matter.

Mr. DIEFENBAKER: The minister has stated that if anyone wants to challenge the decision of the government he will be given an opportunity to do so. Is that it?

Mr. HOWE: No, I did not say that. I said if they want to challenge the ruling in the aeronautics case, which was taken to the privy council, and which stated that the air comes under federal jurisdiction—

Mr. DIEFENBAKER: That is exactly the point I wanted the minister to clarify. Now I am going to ask the minister, when he comes to the section dealing with the board itself, to make provision for an appeal to the courts in any question of law or jurisdiction. As the situation now is—and the minister has given the best possible argument that could be advanced for it—when the war is over, or even before, the question will be raised by the province of Ontario as to the right of that province to operate interurban airways within its own boundaries. As the bill is now set up the decision would be made by the air transport board, with no right of appeal to the courts to determine the legality of the decision.

Mr. HOWE: I would ask my hon. friend, as a lawyer, whether anyone cannot take a constitutional issue to the courts.

Mr. DIEFENBAKER: Oh, Mr. Chairman; a constitutional issue can go to the courts only when it is submitted as a reference, as it was in the aeronautics case, or as the result of litigation, and there can be no litigation if a transport board is set up by this parliament and given the absolute power to determine when, where and under what circumstances a licence shall be granted. Their decision is final. On several occasions when I have dealt with this matter I have endeavoured to make the

point that parliament must not permit the setting up of a board above the courts, to which the subject may not have recourse. The minister says that if and when an application is received from Colonel Drew on behalf of the province of Ontario the matter will receive consideration, and that if anyone wishes to challenge the judgment in the aeronautics case an opportunity will be given to do so. Provision therefore is not contained in this act. That is why I say it is so necessary that the decisions of this board on matters of law and jurisdiction should be subject to an appeal to the courts by any aggrieved party. Otherwise the minister will be able to say to the province of Ontario when that application is made—for after all no licence can be issued by the board without the approval of the minister—"we refuse to give you a licence," and neither the province of Ontario nor any other province will have the opportunity of testing in the courts their right to operate an airway, because no one can operate a plane unless he possesses a federal licence. No one can act as pilot of a plane unless he has a federal licence. So all the minister would have to do would be to refuse a licence to the province, and there would be no recourse to the courts.

That is why I have been endeavouring on several occasions to make the point that under this act the government is setting up a board not responsible to the people of Canada; not responsible to the courts, however unjust its decisions may be, but responsible only to the minister. I object to placing such power in the hands of any minister.

I ask the minister to say why the right of recourse to the courts is taken away. Under the former transport board, which among other things had to do with air transportation, there was provision for an appeal to the courts. That specific provision was contained in section 52 of the Railway Act, which was made applicable to the Transport Act, in these words:

> 2. An appeal shall lie from the board to the Supreme Court of Canada upon a question of jurisdiction, upon leave therefor being obtained from a judge of the said court. . . .
>
> 3. An appeal shall also lie from the board to such court upon any question which in the opinion of the board is a question of law, or a question of jurisdiction, or both. . . .

These rights of appeal are taken away in connection with the board now being set up. Similar rights exist in Great Britain and the United States, but here we are setting up a board controlled by one individual, the minister, and not providing any right of recourse to the courts. This becomes of particular importance at the present time, when there is the suggestion that the premier of Ontario is going to endeavour to set up aviation facilities within this province.

Mr. HOWE: That is a promise, not a suggestion.

Mr. DIEFENBAKER: Yes, it is a promise. And the minister says he is going to remind him of the promise. The minister is the man who will determine whether or not the promise can be carried into effect. Does that not show the true picture? All the minister has to do to-day, is to say that the opportunity will be given, if asked for, so that the promise can be carried into effect. All the minister has to do to-day is to allow an amendment to the transport regulations so that reference can be had to the courts if the application is denied. Only in that way, when the board acts unfairly in a matter of jurisdiction, would Ontario or any other province have the right of recourse to the courts. The minister says he will help the premier of Ontario; at the same time I ask him to make it possible for that promise to be carried into effect by making provision for an appeal which does not exist at the present time should the province's application be denied.

Mr. GOLDING: More opportunity for the legal fellows to get work.

Mr. DIEFENBAKER: I did not hear my hon. friend.

Mr. GOLDING: Just more opportunity for legal fellows to get more work.

Mr. DIEFENBAKER: Who?

Mr. GOLDING: Legal fellows—lawyers, like yourself. The hon. member does not understand me.

Mr. DIEFENBAKER: Well, that is a remark which certainly shows an intelligent view of what is being discussed!

Mr. GOLDING: Just as intelligent as your interpretation of the act.

Mr. DIEFENBAKER: The remark was far removed from what I was discussing.

Mr. GOLDING: Your attitude is quite apparent.

Mr. DIEFENBAKER: I think every other member understands what I am endeavouring to say, because I have been outlining a principle of responsible government, and the right of the individual to an appeal from the decision of the boards. If this one is set up, it will go a long way farther than any other board ever set up by this parliament, and will not be responsible even to the governor in council. It is responsible only to the minister. Against that I make my protest. And I am asking the minister whether he will consider

giving an opportunity for an appeal, so all individuals, however great or however small they may be, will have equal opportunity and equal access to justice by making provision for appeal to the courts.

Mr. HOWE: If I am asked to rule on legal questions I shall be glad to do so. The hon. member must know that the Aeronautics Act does not preclude the province from obtaining a legal decision as to its right to operate air lines within the province. I can tell him how they can get such a decision, without any trouble at all, namely, by operating an air line without obtaining a licence under this act.

Mr. DIEFENBAKER: The pilot cannot operate as he is subject to cancellation of his licence.

Mr. HOWE: The pilot can operate without any trouble, depending upon his record. A licence can only be taken away for cause. However, this represents the logical way of doing things. That is the way it was done in New York state. An operation was set up there, and the matter was referred to the courts. The same procedure can follow here. I suggest that my hon. friend give legal advice as to why it cannot be done that way.

Mr. DIEFENBAKER: That is what I have done.

Mr. HOWE: As an engineer I dislike to give a legal opinion to a lawyer, although sometimes I find it is desirable to do so, just to keep the record straight.

Mr. DIEFENBAKER: You have fifteen lawyers in the cabinet. They should know.

Mr. MACKENZIE (Vancouver Centre): Good ones, too.

Mr. MacNICOL: That is about ten too many.

Mr. HOWE: I may say this, that if the province or anybody else wishes to take the responsibility for establishing an air line, I hardly think any obstacles will be placed in their way. Each application will be judged on its merits. The intention is, as soon as this act passes, to set up a board—just as strong a board as it is possible to appoint, and to proceed vigorously to develop a post-war system of aviation for Canada.

My hon. friend does not say positively that all the services are to be government owned, but he keeps hinting at that. Such is not the case. That is not the intention. I have said many times that the Trans-Canada system is government-owned, and will continue to be government-owned. But it is the purpose to develop subsidiary operations as private operations under this act.

[Mr. Diefenbaker.]

Mr. GRAYDON: The minister referred to certain promises having been made by the premier of Ontario, while he was in the north-western part of the province. I take it that the minister himself, knowing the situation so far as air transportation up there is concerned, would be favourable to the kind of undertaking the premier of Ontario suggested should be carried out.

Mr. HOWE: Perhaps my hon. friend can just tell me what kind of undertaking it is—something about it. He just said he was going to build air lines.

Mr. GRAYDON: And on that score, perhaps the minister would indicate his approval or disapproval of the suggestion.

Mr. HOWE: The federal government had built a fairly complete system of air services throughout the north country. There is a missing link, required to give service to Fort William and Port Arthur—my own riding. Perhaps if I had been as aggressive as some of my predecessors in office, the link would have been closed. However, I thought it was better to let those links develop naturally. There is a fine airport in the area, and it is the intention, as soon as we can get suitable equipment, to serve Port Arthur and Fort William with a direct air line operating between Winnipeg and Toronto. That has been made abundantly clear. Premier Drew knew all that when he made his speech at Port Arthur. But that is rather beside the discussion here. When we compare the present system of air transportation in northern Ontario with that which served the area in 1935, when my hon. friend's party turned over the reins of office to this government, it will be seen that there has been a vast improvement.

Mr. GRAYDON: I suppose that is because of a general development throughout the world. I understand that.

Mr. HOWE: There was a great development throughout the world until 1935, too.

Mr. GRAYDON: I do not wish to take anything away from my hon. friend in the matter; nevertheless I think he will find that there has been a development in air transportation throughout the world generally.

Mr. ADAMSON: In 1935 Canada led the world in air transport by freight.

Mr. HOWE: How much in northern Ontario?

Mr. ADAMSON: I knew what was going on at that time.

Mr. MacNICOL: It is about northern Ontario I wish to say a word now. I do not

like to see this conflict between the minister and the premier of Ontario. I would like to feel that their interests are the same, and that both desire to develop northern Ontario.

I am convinced that the chambers of commerce which met at Fort Frances recently, and who were addressed by the Premier of Ontario, had the same object in mind, the development of that country. I have been asking myself just how the government of Ontario, or for that matter any government of any other province wishing to do the same thing, could develop its hinterland. However I shall confine my remarks to Ontario, and as to how the government of that province can develop the north country. I know the minister himself is very much in favour of such development.

I have tried to arrange for a plane trip to the Belcher islands, and to the Clark islands, up in Hudson bay, to examine the iron deposits there. I have not been able to get that service. The Ontario government might want to develop an air transport line to the Hudson bay coast, and it might also wish to develop air lines to bring back the iron resources to the mills at Sault Ste. Marie. I am sure that the plane industry will develop planes of 500 tons capacity. Just a few days ago we read of a plane carrying 50 tons of freight and something over 50 passengers from Africa to America. I think it is easy to envision 500 ton aeroplanes. If that comes to pass I can see a fleet of 500-ton transport planes carrying ore from Clark island and Belcher islands down to the smelter at Sault Ste. Marie. How can Ontario give encouragement to a private company to start up a transport line of this kind when they are limited by this bill? This ore is needed to operate the smelting plant at Sault Ste. Marie, and later there might be a great smelting plant in the minister's own city. The high grade ore will be brought down from Steep Rock, which is northwest of Fort William, and low grade ore will be required to mix with it. Belcher islands' ore would help.

I am alarmed, perhaps because I do not know enough about it, over just how much this bill is going to prevent private development. I really know little about the legality of these items, but the hon. member for Lake Centre is a celebrated lawyer. I am not one to make jokes about lawyers. I like to keep out of their hands as much as I can, and I like to keep out of the courts. But he does know what he is talking about and apparently he is much alarmed about this bill, which confines the air transport business to a board which is to be clothed with supreme powers but which also is under the control of the minister.

The hon. member suggested that there should be the right of appeal to the courts. What objection can there be to that? I cannot see any. Surely there should be an appeal from the minister to the courts on whether or not a licence should be granted, and I support the hon. member in that regard.

Coming back to where I started, I am very much concerned about whether this measure will encourage the development of northern Ontario, and I am confining myself to that part of the country. The whole north end of the province adjacent to Hudson bay, while not all tundra, does contain a great deal of muskeg. The development of the area, from the plateau on which the Albany river flows, down to the bay cannot be carried on by the building of railroads. What better method of transporting ore could be developed than by air? I appreciate Colonel Drew's desire to develop northern Ontario and I do not think the minister should consider it as being politics. I do not say that he does. I am afraid that there will be objection to the construction of branch air lines in that north country and I am strongly in favour of the Ontario government or any other provincial government being able to construct their own lines.

My hon. friend (Mr. Diefenbaker) comes from Prince Albert—a beautiful and splendid city, a city with a great future. It should develop into one of our greatest airports, because it has everything in the way of topography and territory for the creation of an important air transport centre. It should be the centre of air transport into the country right through to lake Athabaska and east of lake Athabaska. That country is full of lakes and rivers, but it is also full of minerals. I can envision my hon. friend's city of Prince Albert becoming a great centre of aeroplane transport service. Would Saskatchewan be allowed to develop a line?

Mr. HOWE: It has a service now, and has had for years.

Mr. MacNICOL: It is not an air transport service.

Mr. HOWE: Oh, yes, it is.

Mr. MacNICOL: Not 50- and 100-ton planes. There are a few running up the Alaska highway, but that is not in Saskatchewan.

Mr. HOWE: There is no such thing as a 100-ton plane or a 50-ton plane.

Mr. MacNICOL: I know a few planes run north from Prince Albert to Goldfields and Yellowknife, but those are mail planes although they carry a few passengers. I am thinking of the transport planes that carried in machinery

to Yellowknife and to the north side of lake Athabaska. I am pretty sure they belonged to the Consolidated Mining and Smelting company. I know they had their own planes which took in a lot of freight.

We should all wish to see this country opened up, and an aeroplane service is one means of doing it. I do not like to oppose the minister's suggestion, because he has given it a lot of thought, but I am firmly convinced that this country could be opened up more rapidly and more profitably by having competitive services in air transport. I am not speaking now of Trans-Canada, although in that case I think after the war—the minister is a business man and he will appreciate this—air transport could be carried on better by the great rail transport companies.

I hold no brief for the Canadian Pacific or for the Canadian National. I want them both to succeed, but how can the Canadian Pacific develop a great transport business in the air? So far as I can see, it cannot do it under this bill; yet I think it should be able to do it. The Canadian Pacific has been one of the greatest agencies in the opening up of this country. Both the Canadian Pacific and the Canadian National have the necessary facilities in the great cities like Montreal. They have the trained personnel, and it seems to me to be unbusinesslike to prevent a great company like the Canadian Pacific from participating in the air transport field. I am sure that after this war aeroplanes will not stop at 500 tons; there is no reason why they should not go up to 1,000 tons capacity.

The Canadian Pacific is the largest transport company—if not the largest it is the second largest—in Canada, and I do not think that company, or the Canadian National, should be prevented from opening up this country by means of air transport, and any others who want to start should not be prevented. I feel satisfied that we are heading in the wrong direction. I cannot add anything more to what I have said. I have expressed my opinion as to what I think about the ability of private industry to open up the country. I have seen and heard enough about private industry to know this. I have heard private industry denounced in this house, but I know that many businesses have been kept going by men who have sat up all night trying to develop and advance their industry.

It would not be possible to have that in a government-operated organization. Men in government-operated plants do not sit up all night. I have been through it and I know. Time without number I have sat up all night week in and week out trying to develop and advance big business. Money cannot pay for that; you must have the heart and will to develop. Men in a government-operated plant will not do it; they never have and I do not expect they ever will. I am not going to say anything against the Canadian National. It has been a fine company and has done a fine job. The same can be said about the T.C.A. Some one took out of something I said that I was not an advocate of the T.C.A. I have not said anything in opposition to the T.C.A. It has been well managed and has done splendid work and will continue to do so. But that does not detract in any way from the strength of my advocacy of private operation, private incentive and private enterprise.

I am supporting the hon. member for Lake Centre in his desire to have an appeal to the courts of the land. They should be best qualified to judge whether a company's application should be accepted or rejected. I endorse Colonel Drew's desire to open up northern Ontario, which he said emphatically at Fort Frances that he would do. Here is the dispatch:

> Fort Frances, June 23 (Special).—If the necessity arises and licences are not granted for air routes so that development can be completed before the end of the war, then the province of Ontario will itself go into the air route business, said Premier Drew Thursday night.

I hope that the minister will not think for a moment that there is anything political in this matter. I can hardly conceive of any board set up by the minister refusing an application for a licence from the government of Ontario or of Quebec or of any other province. These are large and important bodies, and it would be a serious thing in my judgment for any board set up by this house to refuse an application from a province of four million people, or a province like Quebec of three and a half million people, or from any other province no matter what its population might be. But under the bill as it stands the application could be refused, could it not?

Mr. KNOWLES: Except for some of the remarks of the hon. member for Davenport it seems to me that a good deal of the discussion we have had thus far this afternoon has skirted the real issue which has been put before us by the introduction of this bill. We have had discussion about provincial rights and constitutional questions, and we have had cross-fire between the minister and a provincial premier who is not here. But the real issue is this. Are we to carry on with the old idea of private enterprise, with its right to cut its own throat and impoverish the country,

or are we so far as air service is concerned, to inject into the whole set-up the principle of planning for the public interest? It seems to me that that is the difference between the powers of the board of transport commissioners and the powers of the air transport board which the minister proposes to establish. On the one hand you have what is really a judicial body. But here you will have rather a body whose purpose is to help the government formulate policy. As I understand it, if this bill becomes law and we go ahead with the government's proposal, the decision will have been made that so far as air service is concerned there is to be planning as a matter of government policy.

The minister a little while ago, in one of his replies to the hon. member for Lake Centre, stressed one point which I think needs to be stressed again and again when he spoke of the cost of developing airports, beams, ranges and all the other facilities that are necessary to flying. My friends to my right are continually singing the praises of private enterprise. Yet we know quite well that we would not have had aviation developed to the point it has reached to-day in this country if it had not been for the huge expenditures of public money on the facilities that are necessary to make flying possible. I insist that if it is going to require the expenditure of public money to provide the basic essentials of flying, the public, having a major interest in the whole set-up, has the right to expect the government to see to it that these services are properly planned.

A great deal is said about our concern for our young men of the air force who will come home well trained and capable of providing flying services all over Canada. I want to put in a word for them in this way. I feel that they should not come home to the kind of cut-throat experiences which this country had to undergo in the early days of flying, when sufficient government expenditure was not made available to make flying practicable and safe. The result was that pilots were rushing in wherever it was possible to make half a living, and eventually competition in those areas forced them all out. We have also had the story of private companies in this country culminating in the merger of a dozen or more companies in Canadian Pacific Air Lines. All of this, as I see it, adds up to the fact that if we do not have the regulation and planning of all our air transport services, our airmen in the Royal Canadian Air Force will come home to a set-up of cut-throat competition which will discourage and greatly disillusion them.

To me the history of the development of our air services in this country indicates definitely that it does require the expenditure of public money and public planning. While, as I said before, I am not satisfied that the government goes far enough, I am with the minister every inch of the way that he does go in this bill. As I said, I felt that the hon. member for Davenport was different from the previous speakers in that he did get down to the real issue, namely, the issue as between private enterprise and public control.

Mr. BENCE: What is the hon. gentleman's idea with respect to the north and south feeder lines? Should they be taken over by the T.C.A. or be operated by private enterprise?

Mr. KNOWLES: I asked the minister with respect to that, and my question was worded in such a way as to suggest that in my opinion the major north and south routes, such as the northwest staging route, the route down the Mackenzie and several other important routes, should even now be taken over by the government and operated under the T.C.A. We are quite prepared to agree to the idea of private companies operating in some of the smaller feeder spheres, and the Minister of Transport provides for that in the bill. It seems to me that any virtue that there is in some initial flying in these areas by privately-owned concerns is not debarred by this bill. What my hon. friends to the right are asking is that private firms have their rights extended not only to go into business as private firms but to multiply and compete with each other and cut each other's throats until public money is lost and a disservice is done to the public interest.

Returning to what I said a moment ago, I congratulate the member for Davenport on bringing us back to the basic issue which is being fought as between the Progressive Conservatives and the Liberals. All his followers do not support the Minister of Munitions and Supply, but I wish to register again my support of the stand he is taking. In the course of his remarks to-day and on other occasions, the member for Lake Centre (Mr. Diefenbaker) has had a good deal to say about the power put into the hands of the minister; it is characterized as dictatorship and all that sort of thing. The suggestion has been made that this power or authority should be in the hands of the governor in council. So far as that distinction is concerned, it is six of one and half a dozen of the other. We have the principle of cabinet solidarity, which is such that if the minister is responsible the government as a whole has to share in that responsibility. On the other hand, if you put the power in the hands of the gover-

nor in council, we have had enough experience in watching what the government does during the war to know that the governor in council in any case acts upon the advice of the minister concerned with that particular branch.

Mr. DIEFENBAKER: Is the hon. member opposed to the principle I suggest, that there should be right of recourse to the courts against the decisions of any board, whether controlled by the minister or not?

Mr. KNOWLES: The difference between the member for Lake Centre and ourselves is basically over the question whether air services are to be a matter of government policy or whether the government is simply to stand on the sidelines and allow private enterprise to have its own way. I take the position that so far as the legality of the statute is concerned, naturally there should be recourse to the courts; but if the statute stands on legal ground, then it seems to me that the time has come when matters of this sort should be the concern of the people's representatives. What we have here is not, as I see it, dictatorship but rather the extension of the principle of responsible government. What I was trying to say was that as between the minister and the governor in council having the authority it is six of one and half a dozen of the other, and it does not matter to me which it is; but as between the minister having any real say in the matter—the minister or the government, however you put it—and the government merely standing on the side as a judicial body and allowing private enterprise to go ahead and cut its own throat and do a disservice to the country at large, I am in favour of the matter being in the hands of the people.

Under this bill recommendations will be made to the government or to the minister which will involve the expenditure of money. You will have under the provisions of the bill not just a judicial body making decisions as between competing firms but a body making recommendations to the government for the development of airways, and that will involve the expenditure of public money; and once you introduce that element into it you are flying in the face of our whole concept of responsible government if you suggest that the minister or the government should not be responsible for any implementing of the decisions of the board. For that reason I think the bill is right when it puts this measure of authority, if you want to call it that, though I call it responsibility, in the hands of the minister.

I am not surprised that my hon. friends to the right find it difficult to understand this concept. What you have here is an attempt, as far as it goes, to avoid the kind of mistakes this country made when it first launched on the development of our railway systems. In those days the people paid the shot and private corporations netted the profit. In this instance we know from the start that if there is to be a proper and adequate development of this tremendous means of modern transportation, air services, money will have to be provided by the people. It is the people's interests that are paramount, and I take the position, with the Minister of Munitions and Supply, that it should be under the direction and control of the people through their duly elected government.

Mr. BENCE: The hon. member suggested that some of the north and south feeder routes should be allowed to remain in the hands of private enterprise but that the more important ones should be taken over by the T.C.A. Would he suggest that the smaller and less important north and south feeder routes, when they become more important through the development of air contract, be then taken over by the T.C.A. or a government-owned company?

Mr. KNOWLES: If you ask the minister you will get a different answer from mine—

Mr. BENCE: I am asking you.

Mr. KNOWLES: I will answer the question; don't be impatient.

Mr. GRAYDON: The hon. member and the minister are together on this bill.

Mr. KNOWLES: That is the difference between us and some other hon. members in this house. We do not mind agreeing with those whom we are fighting when we find that they take the same position as we do on some issue. So far as this bill is concerned, we agree with the minister and I contend that we have given him the best support he has had in the house. However, to come back to the question. Even flying in the feeder routes in smaller areas, to which the hon. member has referred, will call for public assistance if they are to get anywhere at all, and I have no hesitation in saying that once these lines are developed to the point where they are important in the whole plan of our air services in Canada, they too should come under public direction and control.

Mr. ROSS (St. Paul's): And be taken over?

Mr. KNOWLES: Yes, and socially owned by the people of the country.

Mr. ROSS (St. Paul's): May I ask another question?

Mr. HOWE: Why not ask the Chair?

The ACTING CHAIRMAN (Mr. McCann): Order. Any hon. member who wishes to speak will please rise and address the Chair.

Mr. ROSS (St. Paul's): Through you, Mr. Chairman, may I ask the hon. member this question. There are a great many expenditures made by the government of Canada on canal systems. Is not that comparable to the expenditures made by this country in connection with air routes? If the hon. member is in favour of taking over these concerns, now that all shipping companies are successful, is he in favour of taking over all the shipping companies in the country?

Mr. KNOWLES: If I may quote some of my Liberal friends who are not in the house, transportation is a natural monopoly and I think that the direction we have to move in over the whole field of transportation, if it is to be rationalized and organized so as best to serve the interests of the people, calls for extending the principle of public ownership.

Mr. ROSS (St. Paul's): One further question. The hon. member, then, is in favour of taking over the C.P.R.?

Mr. KNOWLES: Definitely.

Mr. REID: The hon. member for Winnipeg North Centre omitted to refer to the question of centralization of power at Ottawa, whereby neither the provincial governments nor an individual in those provinces will be able to go into the flying business unless he obtains a licence from and is controlled by some department at Ottawa. The hon. member centred his argument on the difference between private and public ownership. I came to the House of Commons in 1930, and I view with alarm the centralization of power in Ottawa. Canada is different from all other countries. It is perhaps four thousand miles in extent. It has great areas sparsely settled. There is no country comparable to it, with the exception of the United States. It therefore behooves us to watch with a great deal of care—especially those of us who come from the east and the west—the powers which we think we are losing.

Mr. BENCE: I am a little surprised at the attitude taken by the hon. member for Winnipeg North Centre with reference to the north and south feeder routes. If the Cooperative Commonwealth Federation believes in public ownership of the transportation systems, then it must include the whole system, the Trans-Canada routes and the north and south routes. I do not see how they can blow hot and cold at the same time with regard to this important matter. It is a peculiar attitude to take when you suggest that you allow private enterprise to take over a feeder route, develop it and get it to the point where it is successful and of real service to the nation, and then say that the government is to take it over. Surely you cannot hope to obtain anything from private enterprise in that way.

Mr. KNOWLES: How about the Canadian Pacific Air Lines taking over eleven firms?

Mr. BENCE: So far as that is concerned, the thing that I look for in transportation or anything else is efficiency and economy. I shall refer to that in just a moment. If my hon. friends of the C.C.F. party believe in public ownership, then they must believe in complete public ownership of transportation. I do not see how they can possibly present a case in which only the valuable routes, the routes which are going to produce results in a monetary and other ways, are to be taken over by the government, and the small feeder routes are to be left to the returning airmen, who were referred to by the Minister of Munitions and Supply some time ago as the ones who were to be given the opportunity to rehabilitate themselves in civilian life.

I do not wish to get off on a sideline with the C.C.F. party on an argument of this kind. I rose to ask a question of the minister. As I understand it the reason for this legislation is that the ministry found the Canadian Pacific Air Lines were trying to implement a policy which was contrary to the policy of the government. I think the minister suggested in the house—he certainly suggested it in an interview he gave the other day to someone connected with the magazine *Canadian Aviation*, in reply to questions put to him—the reason why the railways are being dispossessed of their airlines is that the Canadian Pacific Air Lines would never accept government policy, which was one of non-competition with intercontinental routes. If I am wrong in that, the minister will correct me.

My understanding of the situation is that under the Transport Act the government found itself in a difficult position on at least two occasions because of the fact that they had specified a route for transport by air and that the board of transport commissioners gave licences which would indicate that they were allowing the Canadian Pacific Air Lines to extend their system which would eventually develop into a Trans-Canada system. In fact as I understand it the government had to resort to rather unusual measures and unspecify certain routes in order to overcome that difficulty. In view of the fact that the whole principle is being changed by this bill and the whole matter of policy is to be put into

the hands of the minister and the board is to be merely one that will advise him with respect to regulations and licences, why is it now necessary to continue the policy of divorcing the railways from the air lines? The whole authority now rests in the minister's hands. If he believes in government policy being implemented completely, and in there not being an impartial or non-political power in control of this thing, why does he not tell the railways that they may continue on with the airways system but that he has the power and authority to say to them definitely there is no possibility of the Canadian Pacific Air Lines being able to set up a Trans-Canada system?

I believe this matter came to a head at the time of the application of the Canadian Pacific Air Lines for an expansion of their line from North Battleford to Edmonton. It looked like another step in the policy of the Canadian Pacific Air Lines, if it was their policy, to extend their lines completely across Canada. Because of the fact that under normal circumstances if that route were specified the board of transport commissioners could give a licence without getting permission from the government to do so, this whole matter came to a head and the statement of policy was made by the minister last March. In view of the authority contained in this bill, and if the minister insists on obtaining the authority, could he tell us whether or not it is necessary for him to insist on divorcing the railways from air lines operations? This is the way I feel about this question. If air lines are to be divorced from the railways, we shall not have an economical system on the north and south routes. If it is split up into small companies, I do not see how it is possible to have economic systems on these north and south routes. The companies will not necessarily be well financed, nor will they necessarily be responsible.

There are many things to be considered in a matter of this kind. There is the question of accidents. The minister referred to that in 1937. When Trans-Canada Air Lines were linked up with the Canadian National Railways he referred to the responsibility that an air company had to its passengers and to the fact that any company carrying air traffic should be completely responsible, particularly if there were any negligence and any loss of life or property. There is no question about the fact that monetary compensation should be made. If this policy is continued, and if the government insists that the railways shall be divorced from the air lines, only one thing can eventually happen. We shall have a complete government monopoly on the across-Canada system and on the north and south feeder routes, because I believe it is impossible to carry on a system of small operating units all the way across the country, each one with separate overhead and with no means of co-ordination of cooperation between the whole.

Mr. HOWE: I think it might be worth while to take a few moments to consider what the bill before the house entails. The bill amends the Aeronautics Act, which in turn was passed in 1918. It was the supreme law governing aviation in Canada until it was amended in 1938.

The claim is made that the minister is setting up a dictatorship. That has been said several times. Let me say that the effect of the amendments are to transfer many of the responsibilities of the minister to a board. Previously under the act those were the sole responsibilities of the minister. The hon. member for Yale administered the Aeronautcs Act for four or five years; he was then the dictator of aviation in this country. I cannot believe that he was very uneasy about the situation, or that the country was very uneasy; nevertheless in those years no plane could be licensed in this country, no route could be flown and no person could be a pilot except under a certificate from the hon. member for Yale. Now we are changing that in what direction? We are setting up a board which on its own initiative will be responsible for licensing and for a number of other functions formerly performed by the minister.

Let us see what the other criticism is.

Mr. GREEN: Before the minister leaves that point, will he say what powers are taken away from him that he had under the Aeronautics Act? As I read that act there is only one change; that is in connection with the licensing of aircraft, and even it is made subject to the approval of the minister.

Mr. HOWE: No; final authority in that regard is with the aeronautics board.

Mr. GREEN: It says, "subject to the approval of the minister."

Mr. HOWE: Let me make my speech; you have made several. In 1938 an attempt was made to do something in this direction; the board of transport commissioners were asked to perform certain functions that previously had been performed by the minister. That bill was brought in by this government and introduced by myself, as Minister of Transport. That provision was inserted in the act with the idea of strengthening the machinery in connection with the allocation of air routes

and licensing. It has become obvious that unless the act is again changed, in future there will be only two airway systems in Canada; one, the publicly owned Trans-Canada system—and it will take some vigilance on the part of governments from time to time to maintain that system in its present state—and the other owned by another railway. Applications have been filed by the privately owned railway for every route that has been opened or suggested in Canada; and under the present act, if those routes were proclaimed the transport board might very logically assign them to the privately owned railway. The government has had to consider whether or not that would be a good thing. In other words should this government permit, in war time—and remember that the privately owned railway entered the aviation field and has built up its business in that field during the war years—the air of Canada to be preempted by two railway systems; should we sit idly by and let that happen? That is the decision we have had to make. Rightly or wrongly the government has decided that it is not in the best interests of Canada, not in the public interests, to allow that to happen. Therefore we are doing what has been done in other countries; we are asking surface transportation to divest itself of its interests in air transportation, and we are amending the Aeronautics Act accordingly.

I have stated some of the objections to having the air dominated by two railway systems. I have said that we did not wish to bring to the development of our airways the competitive methods adopted in building our surface transportation. Many hon. members of the house, who are young men, have never seen that competitive system in action. I happen to be one of the older men in the house, and I remember the methods employed when that competition was at its height. If hon. members wish to see how that scramble for franchises was carried on, let them look at the situation that exists to-day. If they wish to see a railroad propaganda machine in action, let them look about to-day. What has happened? Every Conservative paper in Canada has carried the statement that this is a personal matter with Mr. Howe, that his colleagues are not in agreement with him. That was the first statement, and I think it was carried in practically every Conservative paper. I deny it absolutely.

Mr. MACKENZIE (Vancouver Centre): So do we.

Mr. HOWE: The government enters the house with a solid front, but I do not think I am betraying any confidence when I say every one of my colleagues is just as firmly convinced of the wisdom of this policy as I am. The next story was that we were building up a great dictatorship, that the minister was drawing under his aegis all authority over aviation. As I have just pointed out, the minister responsible for the administration of the Aeronautics Act has always had complete authority over aviation, as a responsible minister. The purpose of these amendments is to divest him of some of that authority, rather than to add to his authority.

Mr. GREEN: Would the minister say that was so after the Transport Act was passed in 1938? Some of the powers were taken away at that time, were they not?

Mr. HOWE: Yes. As I say, as the minister responsible I was trying to divest myself of certain powers, and did so. The only reason these changes are being made, as related to the act of 1938, is that the Transport Act has not proved to be the type of legislation that will build up a balanced and reasonable air transport system in Canada. If an act does not work I believe the logical thing for any government to do is change it.

Then this has been represented as a step toward public ownership. Anyone reading the newspaper articles that have been current would be convinced that the government was taking over private operations. Nothing of the kind is contemplated, or has been suggested, or is contained in any statement of government policy with regard to the air. What happened as far as Trans-Canada Air Lines was concerned? Private enterprise was asked to participate in the building of Trans-Canada Air Lines. At that time private enterprise did not care to participate, so that the system was developed as a government enterprise. The franchise was the gift of the people of Canada, and the government of the day decided to develop that franchise for the benefit of the people of Canada. The financial arrangements provided that increased earnings would be returned to the users of the system and to the public at large by way of reductions in the cost of carrying air mail. The system has been established. It had been in operation for only one year before war broke out, and has not been able to develop as rapidly as the requirements of the country have demanded. I think anyone interested in Canada's war effort will agree that the government could not reasonably have pressed the development of Trans-Canada Air Lines in preference to its war effort. However, it is the purpose of this government, as I hope it will be the purpose of succeeding governments, to protect the franchise of Trans-Canada Air Lines as a great public service. Trans-Canada

Air Lines was not an invasion of private rights but the assumption of a public right. It has been developed; to-day it is one of the great air lines of this continent, with a record that cannot be challenged by any of its competitors. The government does not wish to disguise its interest in Trans-Canada, or its desire to protect that system as a non-competitive transcontinental service. Beyond that, there is nothing in the act or in any statement of government policy which indicates that government ownership will be further extended into the airways.

I do not know that anything further is needed to outline the form of the bill, but I have been amazed that a simple measure of this kind, conferring no new powers upon anyone but transferring powers from one board to another, should have met—

Mr. GREEN: It is not just that simple.

Mr. HOWE: —with such a storm of propaganda. As I say, every Conservative newspaper in the country has put out propaganda. I am still more surprised at the reaction within this house.

Mr. GRAYDON: Is the Winnipeg *Free Press* a Conservative paper?

Mr. HOWE: No. Perhaps there may be one or two added starters. I am simply taking the field. The amazing reaction, however, is in this house. It seems to me that a brand new party label is becoming completely unstuck. In the old days of the propaganda machine, I would have expected to see what I have seen from the group opposite. Here we are, back again.

Mr. GRAYDON: You and the C.C.F.

Mr. HOWE: I suggest that while this discussion is going on the "Progressive" part of the label be dropped, and that we just go back to the old days and the old name.

Mr. GREEN: You are the only progressive man?

Mr. HOWE: Perhaps so.

Mr. STIRLING: The minister referred to the hon. member for Yale as having been czar for four or five years.

Mr. GRAYDON: A dictator.

Mr. STIRLING: I think the minister used the word "czar" also. Might I draw his attention to the fact that certainly I was not czar or dictator for four or five years, because I was minister for only one year. At that time there was so little activity in the air in Canada that I do not remember even one action it was necessary for the dictator to take during those twelve months. It is true that civil aviation was, in those days, a branch which came under the domination of the Department of National Defence. Such questions as the licensing of pilots and routes would come for examination before that department. I cannot, however, remember any action I took which would substantiate the statement that I was in any sense a dictator.

Mr. HOWE: Civil aviation was abolished about 1932, was it not?

Mr. STIRLING: What does the minister mean by "abolished"?

Mr. MACKENZIE (Vancouver Centre): The expenditure was reduced very seriously in 1932.

Mr. STIRLING: Yes, it was somewhat reduced.

Mr. GRAYDON: The minister was just making another political remark.

Mr. STIRLING: Yes, just another political remark. I have listened on more than one occasion to the extremely interesting explanation of the minister respecting the way the policy of the government has developed. The position I take is that I prefer that which was the policy of the government to that which is the present policy, as set out in the bill.

Until now the board of transport commissioners was a board to which such matters as licensing might be committed for examination. The board of transport commissioners came into existence for a certain purpose, namely, the purpose of considering matters which could well be taken from the floor of parliament. The board could consider such matters and could give decisions as to their merit. In those circumstances there would be very little likelihood of any intrusion of political views, or any other feelings which might be inimical to fair decisions in certain cases.

The public in general had come to look upon the board of transport commissioners as a very satisfactory board with which to deal. They heard cases, and evidence was submitted. They gave decisions, and the public knew what those decisions were. Now a board is to be set up under the Aeronautics Act—a board which to my mind is not as good as the other one was. The board to be set up is to be under the direction of the minister. It is to make decisions in respect of a variety of matters, and to take action with permission of the minister. Both at the beginning and at the end of the board's work, it is under the domination of the minister.

In this instance the minister is to be the Minister of Transport. I do not care who

the individual is; the fact is that it is to be a minister. To my mind it would be much preferable that the minister's actions be curbed to the extent of examination by a board. It has not been satisfactory in the past to have all matters looked after solely by a minister. When the house is not in session, the minister must act with his colleagues, and the action taken is the passing of an order in council. But matters dealt with by orders in council do not readily come to the attention of the public.

It seems to me that when the board is to give advice to the minister, and the minister is to make a final decision, the findings of the board should be brought to the attention of the public as soon as a decision has been reached.

Mr. BLACK (Yukon): At the risk of being termed a propagandist I should like to say a word or two in regard to the bill, not from a party standpoint at all, but as a citizen of Canada.

I do not think there can be any disagreement when I say that the measure before the committee has for its purpose the creation of a government monopoly in respect of air transport services. The terms of the measure go that far, and do in fact set up a government monopoly.

I understand this is a general discussion, but that section 1 is before the committee. Perhaps I might draw the attention of hon. members to the wording of section 12(1), which states:

> Subject to the approval of the minister, the board may issue to any person applying therefor a licence to operate a commercial air service.

The words "to any person" have a very broad meaning. Reading that section of the measure alone, one would come to the conclusion that anyone applying could get a licence. However the next subsection says:

> No such licence shall be issued in respect of a commercial air service owned, leased, controlled or operated by any person who is engaged in the transport of goods or passengers for hire or reward by means other than aircraft—

This, in effect, prohibits the railway companies from carrying on air transportation services. In my view that is not a good policy. I do not see why the issue of licences to transportation companies should be prohibited. It is my view that our two big railway companies, the Canadian National Railways and the Canadian Pacific Railway, are better equipped and better qualified to give transport services by air than are any other people or companies in Canada. I am not shocked by what the minister has described as two railway companies preempting air services in Canada. I think those two companies could very well be allowed and encouraged to preempt air service in this country, because they can carry it on so much better than any other institutions or organizations of which I know at the present time. The fact is that the Canadian National Railways have successfully operated Trans-Canada Air Lines, and that the Canadian Pacific Railway has successfully operated Canadian Pacific Air Lines. Why not let them carry on? These two companies have made a success of transportation, and this measure would exterminate their air transport activities. I do not see how it can be considered in the public interest to cancel their licences, to prohibit the renewal of licences or to prohibit issuing new licences to them. Such would be the effect of this measure.

The bill provides:

> The board shall review all licences . . . and may cancel or suspend any such licence as it sees fit.

It has a free hand to cancel any licence it wishes, with or without cause. Even that, apparently, is not considered sufficiently extreme, because if those licences are not so cancelled, by the following section they cease to be valid at the termination of the war. In other words, the licences which now exist are exterminated by this measure.

It has been my experience that the Canadian Pacific Railway and the Canadian National Railways are giving the country a first-class air transport service. I know that the Canadian Pacific Air Lines is giving the west and the north country a splendid service. I cannot understand why the government should wish to discontinue that service when in fact it should be supported and encouraged.

Mr. BENCE: I should like to draw the attention of the minister to a statement he is reported to have made the other day. I quote from the July 8 issue of the *Financial Post*, where a question and answer series is carried on with the minister and in which he is reported to have made the following statement:

> I call your attention to the fact that CPA has not been ordered to break up its system. The statement of government policy indicated that air lines will be separate operations from surface transportation, and that the railroads will be asked to divest themselves of control of airlines not later than one year after the ending of the European war. There is nothing to prevent CPA from continuing its present operation under other than railway ownership.

I take it from that that if there is a body or number of individuals in this country with sufficient finances to take over Canadian Pacific Air Lines, C.P.A. will then be allowed to

operate over the routes it is covering at the present time. In view of that fact I do not see how the minister can justify his stand that he has removed the objectionable features which arise under competing systems, and which arose when the two railroads were established. We will have the C.P.A. endeavouring to obtain further lines, and we will have the T.C.A. doing the same thing. Consequently I do not see how the minister has achieved the end he has in view by merely divesting the railways of ownership of these lines. It will be a continuing operation by the two air transport systems, and unless he goes farther than he has, in my opinion he is not going to achieve that which he has sought to achieve at this time.

Mr. GREEN: Mr. Chairman, this bill is of great importance to the people who live on the Pacific coast, because the whole question of service by air from the coast into the Yukon and Alaska appears to be affected. At the present time we have a very efficient service flown by the C.P.A. I believe it is a daily service going up from Vancouver to the Yukon and connecting in northern British Columbia with the line from Edmonton to the Yukon; of course, it is one of the so-called feeder lines.

We want to know and know very clearly what is to be done about that line and other lines of that type. The Canadian Pacific Railway Company is to be forced to dispose of the line, and presumably the purpose is to have it turned over to some small company. The question is whether or not that small company will be able to give the same service. It is a very good operation at the present time, and the people now served by this line are entitled to the assurance that they will have just as good service under this new policy. The same thing applies to the line down the Mackenzie river and the one up the north shore of the St. Lawrence from Montreal to Quebec and Bagotville and so on right along the north shore.

I thought there was some chance that Trans-Canada would take over these lines, but according to the statement made by the minister to-day that apparently is not the intention. He said earlier in the debate that there was no intention of Trans-Canada taking over the Mackenzie river line; presumably there is no intention that Trans-Canada will take over any of these feeder lines. It seems to me that the policy with regard to feeder lines should be clarified and made more definite than it is at the present time. They are really not small operations and they should come in a separate category. There are three categories in our air transport system. First there is Trans-Canada, with which nobody wants to interfere. I think we are all agreed that they are doing a splendid job and that there should be no interference. Then there are the feeder lines, and then there are the small operations, the bush lines. I cannot see that the government policy with regard to the intermediate or feeder lines is at all clear.

The minister has mentioned competition, and the hon. member for Winnipeg North Centre has gone much farther. He accused the Progressive Conservative party of being in favour of cut-throat competition. Either he does not know the terms of the present Transport Act or he did not bother to explain them to the committee. The fact is that section 5 of the Transport Act passed in 1938 gives extensive powers to the transport board to prevent cut-throat competition. I do not think any one in this house, either in the party to which I happen to belong or in any other party, wishes to have cut-throat competition. That section gives the transport board wide powers; for example they can only issue a licence where it is shown that the service to be rendered will be complementary rather than competitive. I think the minister will agree that those powers are very extensive.

Then there is some talk about monopoly. I do not think anybody wants a monopoly of feeder lines. If the minister's statement is correct, the C.P.A. can sell out to some other company so long as it is not a transportation company. That would continue any monopoly that exists now. You would have just as great a monopoly under that set-up as there is supposed to be at the present time. I ask the minister to give consideration to granting power to the board to prevent monopolies. That power does not seem to be in the acts at the present time; it could very well be added so that we could get around that particular difficulty.

Mr. HOWE: My hon. friend was arguing in favour of maintaining a monopoly.

Mr. GREEN: I was not arguing in favour of maintaining a monopoly. Further I think all monopolies should be very strictly controlled. Like some other hon. members who have spoken to-day I cannot see the sense in wiping out an efficient service. There should be some better way of solving our problem than simply to make an efficient service shut up shop. If the C.P.R. have gone too far, then they certainly should be curbed.

Mr. HOWE: There is no service being closed that I know of.

Mr. GREEN: I do not see how the minister can expect the Canadian Pacific to maintain

and improve their present air service when they are under sentence of death within a year after the end of the war. That is the only thing one can conclude from the minister's remarks and from the terms of the bill. I ask him to explain just what will happen in the case of the service now being flown from Vancouver into the Yukon and from Edmonton into the Yukon.

Mr. HOWE: The purpose of this act is to establish a board to formulate plans to the end that no service is going to suspend. When the time comes to divest, it will be possible to obtain equipment and competent pilots, and certainly the problem will be worked out in a logical way. I can assure my hon. friend that the purpose of private enterprise in flying these routes is to make money. When ownership is transferred, it will be done at a price.

Mr. GREEN: Will the minister make it clear whether or not it is the intention to have Trans-Canada take over that service?

Mr. HOWE: No, it is not. The policy in regard to T.C.A. has been reiterated time after time. There is no change in that policy.

Mr. GREEN: There would have to be some private company found or organized to take over that route from Canadian Pacific Air Lines.

Mr. HOWE: That will develop in due course.

Mr. GREEN: The minister can give no assurance at the present time how that situation will be met?

Mr. HOWE: I can assure the hon. member that the route will be operated.

Mr. GREEN: That is as far as the minister can go?

Mr. HOWE: Yes.

Mr. BENCE: Will the minister explain the latter part of the quotation to which I have referred where he is reported to have said:

> There is nothing to prevent C.P.A. from continuing its present operation under other than railway ownership.

Mr. HOWE: Does the hon. member find anything in the bill that indicates anything different?

Mr. BENCE: No, but the suggestion in the minister's reported statement is that the C.P.A. is to be allowed to continue if it divorces itself of railway ownership, and I want to know whether that is the government's policy.

Mr. HOWE: Let us determine the question when it arises. A board is being established to assist the government in formulating policy.

Mr. BENCE: Then the minister was not stating government policy when he made that statement as reported in the press?

Mr. HOWE: My hon. friend is a lawyer, and I ask him whether I was not giving a correct legal interpretation of the bill as he reads it?

Mr. BENCE: The minister is giving a correct legal interpretation in the sense that he has the right to determine the matter of licences, but his reported statement was that the C.P.A. is to be allowed to continue if it divorces itself of railway ownership.

Mr. HOWE: If such an application is made it will be considered by the board.

Mr. BENCE: The minister will not go as far now as he did when he made that statement?

Mr. HOWE: I said that there was nothing in the bill to that effect, and if my hon. friend wants to challenge that statement, let him produce the evidence.

Mr. BENCE: I have produced the minister's statement as reported in the press. Was that an accurate statement or not? If it was accurate, will the government implement that policy here?

Mr. HOWE: Does my hon. friend find anything in the bill that conflicts with the statement I am reported to have made?

Mr. BENCE: It is not covered in the bill.

Mr. HOWE: Then let us confine ourselves to the bill.

Mr. KNOWLES: It seems to me that the minister is doing himself an injustice when he tries to tell my hon. friends to my right that this is an innocuous bill and that there is not very much in it. I do not blame him altogether for his desire to allay their fears so that he can get the bill through.

Mr. GRAYDON: He put you on the spot anyway.

Mr. KNOWLES: No, he did not. He put himself in a bit of a spot.

Mr. GRAYDON: You thought you had a convert to socialism but found you had not.

Mr. KNOWLES: I know he is not a socialist yet. But I want to suggest to the minister that there is something new in this bill and I think he should admit it and boast of it.

Mr. GRAYDON: If there is nothing new in it, why bring it in?

Mr. KNOWLES: It is not altogether proper to refer to other sections than the one before the committee, but sections 9 and 10 give the board which will be set up power, more than that, give instructions to the board, to make investigations and surveys so that the board may be able to advise the minister on matters respecting civil aviation. I feel that what we have in this bill is provision for the government to take the initiative in developing our air services. I recognize that it is quite correct, as the minister said a little while ago, for him to say that this bill does not provide for any extension of the principle of public ownership of air services, but it does provide for the setting up of a board which may survey the whole matter and make its recommendations to the minister in the light of what it considers to be in the best interests of the country. I submit that any impartial board which goes at this objectively will in due course make recommendations to the government that the principle of public ownership be extended so far as air services are concerned, and if this government is not prepared to accept that recommendation, possibly a future government will.

Mr. HOMUTH: You know what the future government will be.

Mr. KNOWLES: I know all about that. We in the last few minutes have been listening to an argument between the hon. member for Saskatoon City and the minister, and the hon. member for Vancouver South got into it as well, with respect to what is going to happen to C.P.A., which indicated that if there is to be the avoidance of monopolistic control of all other air lines than those not now operated by T.C.A., you will not get it merely by divorcing the financial set-up of C.P.A. from the Canadian Pacific Railway Company You have to go the whole way and extend the principle of public ownership to apply to the northwest staging route, the Mackenzie route, and other important air routes.

Mr. HOMUTH: And take over the C.P.R.

Mr. KNOWLES: The minister is quite right when he says that this bill does not make provision for public ownership of these lines, but it does make provision, I am glad to say and I wish the minister would boast of it too, for setting up a board which may make such a recommendation to the government. What the government may do with the recommendation is, of course, a matter of government policy.

[Mr. Knowles.]

Mr. HOMUTH: Are you in favour of taking over the C.P.R.?

Mr. KNOWLES: Yes, definitely.

Mr. HOMUTH: That is all I wanted to know—nationalize the C.P.R.

Mr. KNOWLES: Just as soon as we possibly can after the next election.

Mr. HOMUTH: You will not have anything to say about that.

Mr. KNOWLES: I hope you are enjoying this cross-fire, Mr. Chairman, as much as I am. My hon. friends to my right get so worked up—

Mr. HOMUTH: Not worked up, just disgusted.

Mr. KNOWLES: All right; they get disgusted, or whatever term they wish to use, whenever an extension of the principle of public ownership is suggested. But when I asked the hon. member for Saskatoon City a simple question about the C.P.R. taking over ten or eleven firms, that is quite a different story. He said that he would answer that later, but he has not done so. That is why you have the cut-throat competition to which I referred, and about which the hon. member for Vancouver South endeavoured to check me. You start with a number of small lines competing with each other, engaging in cut-throat competition under private enterprise, until a large firm with all kinds of capital steps in and gobbles them all up.

Mr. HOMUTH: There is no cut-throat competition on the railways.

Mr. KNOWLES: The difference between being taken over by a private monopoly and being taken over by the government should be looked at from the point of view of the interests concerned, and the first interest to be served is to make sure that the taxpayers' money is being wisely spent. Secondly, you must see that there is the fullest possible development of air services on a rational basis, and, thirdly, there must be protection of the rights and wages and living standards of the employees.

Mr. GRAYDON: And fourthly, avoid throwing the whole thing into politics.

Mr. KNOWLES: There is plenty of room around here for taking it out of politics.

Mr. HOMUTH: Talk about protecting wages. They cut their own indemnities in Saskatchewan.

Mr. KNOWLES: My hon. friend seems quite disturbed over the decision of the C.C.F. government to cut their own salaries.

Mr. HOMUTH: They did not think they were worth any more.

Mr. KNOWLES: They are closer to the people.

We feel that the three main interests I have suggested are much better served under public direction and control than under private enterprise and monopoly, and we hope things will move in that direction. I hope I have not embarrassed the minister and thus prolonged the passage of the bill, but I do not think our hon. friends to the right should be told that there is nothing in it. There ought to be more in it, but it does contain some things that we welcome and that he ought to be proud of.

Mr. GILLIS: Was a franchise granted within the last four months for the operation of a side-line air line between Yarmouth, Nova Scotia and points in the United States.

Mr. HOWE: We have had no such application.

Mr. GRAYDON: Certain things that have happened may have been amusing to the minister, as he implies, but it is also amusing to see the difficulties which have so soon arisen in this new-found alliance between the minister and my socialist friends to the left. Such new alliances do not often last long, but I had expected that these hon. gentlemen would be able to get along at least while the consideration of the bill was in progress. From the minister's explanation, one of two things has happened. Either my hon. friends have not read or have not understood the bill very well, or unconsciously they are, so to speak, getting into bed with the C.P.R. That is a fair assumption, because the minister now makes the statement to the *Financial Post*, which has been read by the hon. member for Saskatoon City (Mr. Bence) and which I myself have read, although I have not a copy of it with me now. It indicates clearly that the bill does permit the same company, Canadian Pacific Air Lines, to operate exactly as they are operating now, provided that the board which is now set up, and the appeal to the minister, which is complementary to it, permit them to carry out that particular policy. May I point out to my hon. friends to the left that there is nothing in the bill that, as far as I can see after the minister's explanation, taken in conjunction with the statement in the *Financial Post*, in any way dissolves the present set-up, except that it makes it more awkward in the handling of traffic, because what will happen is this. In all probability, unless some teeth are put into the act, those who are now operating Canadian Pacific Air Lines, in order to go on the same as before, need only declare that they are divorced from the other transportation system to which they are at present attached. If that is the case, where is the much vaunted policy of the minister respecting the giving of little franchises to those who come back from overseas? That was one of the things the minister used with great effect; at least he felt that it had great effect at the beginning of his introduction of the bill. As it turns out now, there is nothing in that regard but some innocuous reference to a board which has been set up. The minister himself now finds it necessary to indicate that there may be no change at all in the set-up. That being so, I contend that either this bill means something or it does not.

Mr. HOWE: What is the Conservative policy? We have had it stated from many angles. You are the only exponent of the little man's interests that I have heard over there.

Mr. GRAYDON: I cannot hear what you are saying. I am trying to make a speech and you are trying to interrupt. If you want to make a speech afterwards—you will anyway—I am certainly not going to extend an invitation to you now. As far as the minister's present suggestion goes, as contained in the *Financial Post*, it is a deceptive sort of arrangement. In my opinion it will lead to something worse than the situation which the minister is trying to avoid in the first place, because you will then have the company operating in exactly the same way as before, although under another name. The effect will be exactly the same. We are entitled to something better than that. My hon. friends to the left are always talking about what government ownership will do. Apparently they are not satisfied with government regulation, such as is envisaged under the transport board. That does not seem to suit their purposes. But if the government cannot regulate satisfactorily—and apparently, according to my hon. friends to the left, they cannot—then I pose this question to them: Can the government always operate successfully if they cannot successfully regulate? These questions of public ownership versus private ownership—

Mr. KNOWLES: Your party has admitted that the T.C.A. operate pretty well.

Mr. GRAYDON: I will come to that in a moment and put on the record the exact position as I see it with respect to public ownership and private enterprise. My hon. friends to the left from time to time parade

the great bogey man of monopoly. I say to them that I am as much opposed to monopoly as they ever were or will be.

Mr. HOMUTH: They are not opposed to it; they are in favour of it.

Mr. GRAYDON: I will come to that, too, in a moment. If hon. gentlemen to my left, who are murmuring, will content themselves for the moment I will come to that point. I do not want the chairman to name any of them. I am not nearly so much concerned about the size of an enterprise as I am about the kind of service which it is giving society and whether it is playing ball with the state, the ratepayers and the public generally. That is the test, and it is not fair to draw red herrings across the parliamentary trail and, worse than that, to do the same thing on the hustings where the people are not given an opportunity from time to time to discuss these matters. I do not like the idea of people taking a pail of black paint and a brush and daubing everything where there is more than one man in a business. That is not good enough, and I will say to my hon. friends, when they talk about public ownership and put up the best case they can for the state owning things, that I came from a farm, and many other hon. gentlemen in this house came from farms, and in my opinion if ever there was a good example of what private enterprise can do, an example of what rugged individualism in this country can accompish, then I take off my hat to the farmers of the nation. My hon. friends to the left are suffering through a confusion of policy with relation to state ownership of farms, and I will say to them that it is our belief that so long as the success of the farmers of Canada is what it is, so long as they set such a good example, then there is still argument for private ownership and individual initiative in this land. May I say to my hon. friends that in so far as monopolies are concerned we have had suggestions from them from time to time to substitute one monopoly for another. That is all we have ever been offered.

Mr. HOMUTH: A bigger one than ever.

Mr. GRAYDON: A monopoly which may reasonably be greater and more dangerous than those which at present exist. Let us be fair about this. Let us judge these things with calmness and with an analytical mind without the confusion of politics thrown into it. So far as the air lines are concerned, if we are to criticize every air line in Canada and call them monopolies unless they are operated by one man, then I do not think we shall be able to build up a very good air-line system in this country in the future.

My hon. friends in the C.C.F. talk about the Trans-Canada Air Lines and total government ownership. Let me point out to him that his own party's leader in this house is espousing a doctrine which he himself is not espousing in the statement he makes. My hon. friends to the left ask for a complete nationalization of the air lines of Canada, so that there shall not be cut-throat competition or monopolies, as they say. That would, of course, result in a giant monopoly. At the same time their leader was very careful—I can realize how careful he had to be—when he was discussing the question of the taking over of the Canadian Pacific railway system. In effect this is what he said: Yes, we are going to nationalize it; but no, we are not going to put it into one giant monopoly; we are going to operate the two national railways in competition with each other. If that were done you would have the alleged cut-throat competition which the group to my left attempt to show will result in the operations of the air lines of Canada. May I suggest to them that they cannot have their cake and eat it.

Mr. GILLIS: It would be more efficient.

Mr. GRAYDON: May I say to my hon. friend that when he speaks of the question of efficiency—

Mr. GILLIS: It would not ruin the nation.

Mr. GRAYDON: If my hon. friend wants to make a speech he is quite at liberty to do so. I hope that he will give me the same opportunity of interrupting when he is speaking. Our job in this country is not to deal with generalities as my hon. friends to the left are doing, but to face realities so far as air transportation is concerned, and to see to it that no matter what may be done, the best possible service shall be given to those sections of our country which badly need them. Our great hinterland and the northwest of Canada particularly are going to need the very best service that this nation can give them. I think we as a parliament ought to be very careful not to try to do as the government is attempting, and draw a red herring across the trail and suggest things in such a way that even our socialist friends to the left have been deceived. They have been deceived by the policy of the government to the point where they thought it was a socialist policy. They were deceived to such an extent that they allied themselves with the minister and the minister has now denied any such suggestion of socialistic

tendencies. That is the curious position; that is the confused position in which the Canadian Pacific Air Lines, which everybody seems to know so much more about than I, the leader of a party in this house, may also be up against in time. They may find that they are taken over by a giant octopus in this country, or they may not.

Mr. HOMUTH: It is a case of an adoption where the child did not want to be adopted.

Mr. GRAYDON: In closing, I should like to point out to the minister that the question of provincial jurisdiction in the air also comes up.

Mr. HOWE: Who raised the question, and why? Has that question ever been raised under this bill?

Mr. GRAYDON: May I ask the minister to keep quiet for a while?

Mr. HOWE: I suggest that we discuss the bill.

Mr. GRAYDON: I do not want to be impolite to the minister, but I should like to pursue this matter for a minute, because I think it is important. When I finish I think the minister will recognize that. As I understand it, the board to be set up is subject to an appeal to the minister. It will have the power to determine jurisdiction in so far as the provinces and the dominion are concerned, and in so far as the setting up of air services are concerned.

Mr. MARTIN: No.

Mr. GRAYDON: The hon. member for Essex East is going to come forward with one of his long legal opinions, for which theoretically I have great respect, but practically I am afraid sometimes they are not always right. May I say to the minister that in so far as the board is concerned we are going to be faced with this problem. The minister says that you can always get an appeal to the courts. The suggestion he makes is that you should first of all spend the money to set up the airports and buy the machines and get your pilots. You can then start to operate, but you then find yourself faced with a lawsuit. That is the way and the time when he says that you can have your rights determined. I suggest that that is not the proper way to proceed. On the question of jurisdiction and law I suggest that the point made by the hon. member for Lake Centre is a tenable one and one which I think the minister ought to consider carefully. I am hopeful that this board will protect the rights of the provinces. I hope that it will give effect to the decision of the aeronautics case.

Mr. HOWE: May I ask my hon. friend a question? As a lawyer he is well posted on these matters. Would he explain how the aeronautics decision was obtained? It was obtained under the terms of the Aeronautics Act.

Mr. DIEFENBAKER: No.

Mr. HOWE: Absolutely the same act.

Mr. GRAYDON: My hon. friend is asking for legal advice. It is a strange position—

Mr. HOWE: I know; I was wondering if my hon. friend knew.

Mr. GRAYDON: If the minister is going to make another speech I have no objection.

Mr. HOWE: My hon. friend was expounding the law. I thought he knew the case.

Mr. GRAYDON: I am trying to make a speech. I have just about finished. My hon. friend, the hon. member for Cape Breton South, evidently wants to make a speech, too.

Mr. GILLIS: I never expected you would make a speech.

Mr. GRAYDON: The voice of experience is always very effective in that connection.

May I conclude by saying to the minister that in so far as the aeronautics decision is concerned, my understanding of it is that it did not take the whole jurisdiction with respect to air travel out of the jurisdiction of the provinces and give it to the dominion except in certain sections. That may be a matter of opinion, but in any event I wish to leave it with the minister and his officials so that they may go into the legal aspects of it. I wish to say to the minister that in so far as this board goes, there should be an appeal to the Supreme Court of Canada on the two points which the hon. member for Lake Centre suggested previously in the debate.

Mr. GILLIS: As a rule the leader of the Tory party is inclined to be cool and collected. His outburst this afternoon would lead me to believe that he has a very bad case. It is the technique of a lawyer who understands his business—

Mr. MARTIN: Some lawyers.

Mr. GILLIS: Most of the lawyers in this house, too.

Mr. HOMUTH: There are lawyers and lawyers.

Mr. GILLIS: It is the technique of lawyers to make a lot of noise when they have a bad

case. The display of the leader of the Tory party this afternoon convinces me that he has either a very bad case or that the heat is affecting him. His outburst was anything but his usual capable performance. I think it was also an indication that the minister was right when he said that, regardless of tags, the Tory machine is still the same old buggy with a new coat of paint. Occasionally they forget themselves and lapse back to a lot of old policies they never got away from.

I am going to be as brief and as explicit as I can in this connection. Many times this session I have heard protests from every side of the house because the powers of parliament were being usurped by boards and people outside this house, and to a large extent I think that criticism is justified. What I like about this measure is that in it the Minister of Munitions and Supply (Mr. Howe) is bringing back one of the prerogatives that should remain within the confines of this chamber. He is setting up a board that has the right to organize the air industry, which is of such potential value to the people of this country and which must be closely supervised because of its hazards to the travelling public. The minister has considerable authority under this bill, and he is answerable to this house for any action he may take through the medium of this board. That is where such responsibility belongs, and I am glad to see that the minister has sufficient courage to take this step. What did it add up to in the past? A board sat behind the scenes, never reporting to parliament, and franchises across the country were sold to their friends on the basis of patronage. That was the sum and substance of it. That is what is worrying so many people to-day. I have on my desk right now a letter stating that Tory manipulation is going on in Nova Scotia with respect to a short line in that province.

Mr. HOMUTH: Oh, no; nothing like that.

Mr. GILLIS: That is what is worrying my hon. friends. It has been a pretty good business in the past, but now it is coming back into this chamber, where it belongs. We are beginning to drag out from behind the scenes a very good business that has been handled on the basis of patronage and in favour of monopolies. The people of Canada elect members of this house to do the business of the country, and this is where the responsibility should be.

Mr. HOMUTH: Well, they make terrible mistakes sometimes.

Mr. GILLIS: The people should rectify any such mistakes by sending responsible men to this House of Commons.

[Mr. Gillis.]

Mr. HOMUTH: They will in the next election.

Mr. GILLIS: That is their prerogative. While this bill cannot be construed in any way as setting up a system of government ownership, management or operation in connection with the airways, nevertheless it is a step toward accepting responsibility and guarding that industry in the future. If that step had been taken fifty years ago in this country with respect to the fuel industry, for example, it would not be in its present condition, under private monopoly, responsible to no one. The oil industry of the North American continent has directed the destinies of the fuel industry of this country to such an extent that it has become a national disgrace. The technical research and development carried on by the big oil interests have interfered with the development of our fuel industry. If there had been a board responsible for managing and handling that industry, responsible to the people of Canada, this situation would not have developed. I wish the leader of the opposition would read some of the stuff being put out by the United States government to-day in pamphlet form as a result of their investigations into monopoly control on the continent of North America, which shows that practically every organization in this country that amounts to anything is being manipulated from the countries that we are fighting. They still have control, and will continue to have control in the aftermath of the war.

I am not going to continue along that line. In my opinion this is one step taken by the government in an endeavour to guard and protect an industry that is in its infancy against such developments as we have seen in connection with textiles, fuel, power and every other branch of industry in this country, which have brought us to the point where our whole economy is controlled by a very few people. That is why I favour this bill. I have no illusions as to the minister being a socialist; but I do say he is an engineer; he is practical; he wants to see things done. I believe he is working in the interests of this country, and I further believe that if he were unshackled he would do a much better job. He may not be a socialist in theory; he may not preach that doctrine; but, after all, socialism is merely a matter of getting things done instead of talking about them. That is what the minister is trying to do in this bill. Parliament is accepting the responsibility of organizing a potentially great industry, with the supreme power vested in

the minister who is responsible to the House of Commons for his actions. That is as it should be.

I had no intention of saying anything during this discussion, but I thought the leader of the opposition was so wild and irrelevant in his remarks that I had to rise and say something. This is exactly as I see it. When the heat is over; when the hon. gentleman has time to sit back and calmly consider this matter in the confines of his own office, I think he will decide that he was all wrong and will write the minister a letter of apology.

Mr. McIVOR: I must say I was well pleased when the minister shook Trans-Canada Air Lines free of the Canadian National Railways and the Canadian Pacific Railway Company. I hope he will keep it that way. As far as the minister being responsible is concerned, if I represented a small company or an individual pilot it would cost me less to appeal to the minister than to appeal to a court. I believe the minister would be familiar with all sides of the question and would be just as square, as level and as just as any judge in the land.

Mr. ADAMSON: To hear the hon. member for Cape Breton South flirting with the minister reminds me of the picture I have seen of a monument maker chasing a hearse. This bill, I think, illustrates the truth of the saying that all power corrupts but absolute power corrupts absolutely. The minister spoke of the old days and of the competition between the railways, particularly, as I gathered it, with regard to the competition for franchises. That was a long time ago. Perhaps he remembers the days when the Santa Fe and the Union Pacific competed so bitterly for the traffic between New Orleans and Los Angeles At one time they reduced the fare between those two cities to $1, the cut-throat competition was so bad. These things have not been done, however, for many decades. The regulation of the railways, certainly since before the last war, has shown a marked degree of success. The minister has always said that he would divorce the air services from land services because this was done in the United States, and that that was their policy. That may be so, but he has yet to explain to my satisfaction or, I suggest, to the satisfaction of the committee, why this policy of the divorcing of air lines from the railway companies has been adopted.

Air transportation and land transportation are both classified as transportation. Already the railways have contingent services such as telegraphs and hotels. They also have those much abused officers, their commercial agents, who are trying to look for new business. Apparently it is a very wrong thing in this day for anyone to look for new business, in this new business, in this new social set-up about which everyone seems to be so pleased. New business is to some persons one of the sins of the devil. Still, to those of us who perhaps are old-fashioned, new business is something to be fought for.

I believe the railways have done more to build up this country than any other single unit. The minister does not say why the railways have been divorced, but states merely that it has been the policy in the United States that a common surface carrier may not be in the air transport business. In my view this has to have much more explanation before it can receive general acceptance. Is the fact that something is done in the United States, and that it may work satisfactorily in that country, any reason why we should automatically adopt their plan of doing business?

One other point arises in connection with cooperation between air services and the railways. Many journeys in Canada will have to be joint journeys, part air and part rail. If the railways and the air lines work as a unit, schedules will be organized so that connections can easily be made. This is a feature worthy of consideration, because at the present time in some instances a whole day is lost because trains and air lines do not make connections.

There has been much discussion about Canada's position in connection with air transport in 1935. In that year I happened to be doing considerable flying in the bush, and it was my impression that Canada led the world in tonnage carried, and was one of the world's leaders in passengers carried and miles flown. Well, I looked up the figures and, once and for all, I should like to place them on the record. I am quoting from "Keesings Contemporary Archives," which show that in 1935 the United States had 454 civil aircraft, while Canada had 336. Surely that is a creditable showing, when one considers the difference in size of our populations. The figures for passengers carried are as follows:

	Passengers carried
United States	860,000
Canada	177,000
Mexico	60,000

The other Latin-American countries are listed proportionately.

Then, the figures for freight carried in 1935 are as follows:

	Tons of freight carried
Canada	11,803
United States	2,460

In other words, we carried nearly five times the tonnage of freight in that year as was carried in the United States. Surely that is not a bad record for a country the government of which was accused of having let air transport die. These figures should be remembered.

Mr. ROWE: What year was that?

Mr. ADAMSON: It was 1935, the last year of the Bennett government.

Let us compare those figures with the figures for Europe. The numbers of civil aircraft in European countries were as follows:

	No. of civil aircraft
France	221
Great Britain	168
Germany	150
Italy	72
The Netherlands	51

Other countries had proportionately less.

Then, these are the figures showing the number of passengers carried:

	No. of passengers carried
Germany	209,875
Great Britain	200,000
Russia	95,000
The Netherlands	64,000
France	56,000
Italy	53,000
Belgium	24,000

Compare these figures with Canada's 177,000 in that year, and again our showing is creditable.

Let us now look at the tonnages of freight carried in European countries. These are the figures for 1935:

	Tons of freight carried
U.S.S.R.	9,055
Germany	3,803
Great Britain	1,898
France	1,300
Italy	1,019

It will be seen that Canada's 11,800 is even greater than that carried by the U.S.S.R. These figures, I believe, give a true picture of Canada's aviation position in that year. We led the world in air freight carried.

Then, to complete the record, let us look into the number of passengers carried on the continents of Asia, Australasia and Africa. These are the figures for 1935:

	Number of passengers carried
Asia	83,385
Australasia	50,804
Africa	22,922

When we compare any of those figures with Canada's 177,000 for the same year we find that Canada carried more than the total passengers carried on those three continents. That is not bad, I should say, for a country whose aircraft industry at that time was based on private enterprise. It was not bad in that year.

I have put these figures on the record as I want to protest against this bill. I want to protest on behalf of the people who built up Canadian aviation. I refer particularly to the bush pilots, to the men in those small companies and to the individual pioneers who, frequently operating on a shoe-string, provided service for the growing mining industry in that area.

Mr. HOWE: To what small company does my hon. friend refer? Will he name one?

Mr. ADAMSON: General Airways, Patricia Airways, and there was one company with a franchise for a line between Rouyn and Montreal.

Mr. HOWE: Who owns them now?

Mr. ADAMSON: They are not in existence.

Mr. HOWE: They are not operating?

Mr. ADAMSON: I do not think so. I was up there the other day and there was no flying at all out of Rouyn. There used to be a line between Timmins and Noranda. You could fly more or less all over the north country.

Mr. HOWE: Those lines were given up for war reasons.

Mr. ADAMSON: They were really given up before the war, because I was up there just at the beginning of the war. It was partly because of what I mentioned last night, the destruction of prospecting. Most of these air lines were serving the prospectors, the diamond drilling crews and the small mines. The first time I went into Siscoe the only way I could go was by air.

These companies made it possible for us to establish a world lead in the carriage of air freight. My objection to this bill is that it proscribes the operation of small companies like these. Under the regulations they would have to have definite routes. These companies did not have definite routes. In 1933, 1934 and 1935 there was a great deal of activity in the Chibougamou district in northwest Quebec. Several lines, at least General Airways, flew regular services from Noranda or Rouyn to Chibougamou and they would stop to service diamond drilling crews operating in that district. Unfortunately the district did not live up to expectations. A great deal of money was spent but not a single producing mine was

developed. That illustrates the hazards of the mining business. General Airways ran a definite route and they sold a ticket, a printed contract. Naturally, when that area failed there was no reason to run aircraft into the district and the line was discontinued.

Under this legislation we would say that General Airways should have a monopoly into the Chibougamou district. However, Prospectors Airways, which was a mining and prospecting corporation, at one time was interested in the Chibougamou field. I did not fly with them, but I understand that they had a plane which serviced their operations in the district which was also serviced by General Airways. In my opinion there was no harm in that because both companies were endeavouring to develop the country. If you were interested in getting into the country you had the option of travelling on one or the other line. Prospectors Airways did not have a regular service but occasionally, I understand, they would take a passenger in.

This bill in its precise and limiting clauses is going to put a damper on the development of such lines as I have mentioned.

An hon. MEMBER: In what way?

Mr. ADAMSON: Because each line will have a prescribed route; each line will have its individual destination point. In the development of the north country, which is what I am interested in, you cannot prescribe and limit the activities of aircraft or the men who fly them.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. ADAMSON: Before six o'clock I was discussing briefly the operations of the small operators in Canada who are known as the bush pilots or bush fliers. I had dealt with a number of the smaller operations, particularly those from the mining centre of Rouyn and Noranda.

I should now like to discuss an operation on the Pacific coast which has been taken over by Canadian Pacific Air Lines. I refer to the operation which was known as the Ginger Coote Air Services. They flew from Vancouver to Victoria but chiefly from Vancouver to Port Alberni and to the Zeballos mining district. I think this operation had a world record for time saved by air. In the ordinary course of events, if you wanted to go to the Zeballos mining field you took a boat, and it took you between five and six days to go from Vancouver around the end of Vancouver island, calling at a great number of ports on the way and lying over at night at some of them, but you could fly there by the Ginger Coote Air Services in two hours. You could get in there and back in a day quite easily. That was a saving, it has been estimated, particularly if the weather was at all bad, of twelve days, which I think is a record of time saved in travelling by air. It shows the vital part which these pioneer air services have played in the development of Canada. Ginger Coote has been taken over by the C.P.A. I think Ginger Coote could not make it go, although I am not sure, and the reason he could not was none other than that the Zeballos mining camp did not develop into a major camp. In the beginning this operator was prepared to go in there and take a chance on the development of this new field. This bill in its clauses will, I feel, militate against the small operators. Ginger Coote operated two Waco float planes. He took a chance on the Zeballo field developing into a major camp. The camp was all right for a few years and it may open again and probably will, but I understand that it is now completely closed down.

The reason why Canadian Pacific Air Lines took that service over was to provide an essential service. To-day they operate from Patricia Bay to Vancouver. I flew there just the other day myself. They are operating an essential service. If one wanted to charter a plane from them or from some other big corporation or to be flown north of the Zeballos field, I do not think you would be able to do so even if there was no war, because the big operators would allow no deviation from the regular routes of their aircraft.

Several other air services small in nature have more or less gone by the board. One of them was Patricia Airways. It flew into the Albany river territory in northern Ontario, the Patricia mine, the Pickle Crow mine and various other districts. Here again, if these fields did not develop into a major field, the small operator would find it difficult to continue. None of these operators was subsidized, as I remember. They just took a chance. They were the true pioneers, the ones to whom we have to be thankful for the leading position we occupied in world aviation in those critical years of the middle thirties. Most of these operators operated on a shoe-string. Their planes were not new. They were planes like the single-engined Stinson or the Fairchild or the Waco or even the De Havilland Moth. They operated on floats in the summer and skis in winter. They had a very interesting

effect on the Canadian aircraft field, because out of this development came the only original Canadian aircraft, the Noorduyn Norseman. This aircraft was developed specifically to undertake the job of bush flying and it was extremely successful. In fact the Noorduyn Norseman is to-day, I understand, being used with very little alteration by all the united nations as a short haul float plane for freight and passengers. I understand that it has proved more successful than any other design. That was one of the advantages we had by developing the small operator and the bush flyer.

Let me say a word about the safety of these operators. We are very proud of the fact that Trans-Canada Air Lines has a unique record for safety, but what an extremely enviable record these old bush flyers had in their day. As far as I know, in all the operations from Noranda—and there would be as many as fifteen and sometimes twenty planes in and out that airport or little wharf every day—there was only one fatal accident, and on the Pacific coast there was, I believe, only one fatal accident which occurred near Fort Alberni on the forbidden plateau. When we think of the tremendous volume of freight and the tremendous development that was carried out by those men, with their record of safety, surely it is our first duty to see to it that whatever legislation we may pass or whatever legislation we may bring down in this house, the future of the small operator, the man who has one or two planes, the man who is perhaps operating a specialty service, who is operating where the big operators cannot go, is made secure; because he is the man, and that is the operation, that has built Canadian aviation. It was not the great transcontinental lines that made Canadian aviation, but the small operator operating with one or two planes, in the certain knowledge that if he had a crash he probably could not afford to buy another one. These were the men who developed aviation and these are the men we seem to have forgotten. We have got into our heads a grandiose idea about transcontinental and transatlantic aviation. This is all very important in its way, but we must remember that Canada is still a pioneer country and that if we are to develop, as I hope we shall, it is to the pioneer operator that we still have to look. While it is all very well to consider the transcontinental service and to have pictures of pretty stewardesses tripping about and soothing the brow of the tired businessman—

Mr. HOMUTH: Or cabinet minister.

Mr. ADAMSON: —we must remember that it is the hobnail-booted prospector and engineer who is going to fill the needs of industry and make the payroll that will meet the requirements of the future. These are things we are apt to forget. We get delusions of grandeur, and that is one of the reasons why I object to the restrictive clauses in this bill. When clause 12 comes up I hope to have something more to say on it.

Mr. ROSS (St. Paul's): I have been following all the legislation brought down by the minister, and I thought it might be wise, in view of the remarks made by my colleague, the hon. member for Lake Centre, this afternoon with reference to recourse to the law, and also having regard to the remarks made by the minister to-day, to remind the committee of something that is very interesting, but something that this government has forgotten. The 15th of June was a date which meant a great deal to the British people, for on that date 729 years ago the barons of England gathered at Runnymede outside Windsor to meet King John. It was on that day that absolute power of the state, held through the person of the king, was compelled to yield to the rule of law and the rights of man. This was set down in the great charter, magna charta. It is still a symbol of freedom, so highly appraised and carefully cherished, that the document itself was sent to Washington for safe-keeping during the blitz. The rule of law!

All that my hon. friend the member for Lake Centre asks is that the rule of law shall be observed; access to the law in order to redress grievances must be made as easy as possible. How far we are getting away from that easy access to the law in the legislation we have had put before us this session! So far as I can see, the minister wants to make appeals to the courts as difficult as he can. This afternoon he said: Let anyone who wants a licence to operate start an airways company; if he can get it let him start one. How ridiculous that is. Who in the world is going to go to the expense of starting an airways company with all the expenditures attached thereto, the purchase of aeroplanes, equipment and all that sort of thing, with all the uncertainty of law that is inseparable from the venture? The request of the hon. member for Lake Centre is very reasonable.

What is the position of my hon. friends to the left, the socialist party? They say: "Go ahead, you young fellows, when you get back. Get busy and start out in the aeroplane business and work it all up, and the moment you begin to make a profit out of it we will take it over. We will confiscate it." That is what they say.

Mr. KNOWLES: That is what the Canadian Pacific Railway Company did.

Mr. ROSS (St. Paul's): The Canadian Pacific did nothing of the kind. My hon. friend does not know what he is talking about when he says that. The C.P.R., as a matter of fact, took over some of these companies and have some of these fellows working with them on shares, and the hon. member knows that. Are there to be no vested interests in this country? Is the man in the corner grocery store to be secure in his job when he gets busy and builds up a business that is worth while? Who is going to venture in this great Canada of ours with the opportunities we have, in face of that sort of thing? Who is going to develop the country if, after he has got something started that begins to be profitable, our national socialist friends to the left take it all away from him? Who is going to venture? Who is going to develop without the security of magna charta? Too much power is being vested in this government. Access to the courts is getting more difficult all the time. To-day the minister said: Let them start in business, with all the expenses attached to it, and then see if they can get a licence to do it. I wish to point out that our democracy was founded on the danger of absolute power. This is not government of the people, for the people, by the people. There is danger of absolute power. I say to you, Mr. Chairman, that the taste of power in war time has gone to the heads of this government. They have to get back to peace-time legislation and function as a government ought to function. The people have been satisfied to be regimented and all that kind of thing in war time, but we shall never get any place in this country unless we have individual effort and enterprise. I say that history has repeated itself. It was ever thus in war time, and how! I ask the minister to reconsider his decision and in this legislation make access to the courts easier and remember magna charta.

Mr. HAZEN: This afternoon the minister said he was amazed that this bill had met with such a storm of propaganda. I was amazed that he should have described the criticism of this bill as a storm of propaganda. I think his remarks contain certain innuendoes and implications that should not be allowed to go unchallenged.

I do not think the minister would charge the Winnipeg *Free Press* with indulging in a storm of propaganda, but, sir, that newspaper has been very critical of some of the provisions of this bill. I have before me a copy of an editorial that appeared in that paper on April 11 last, after the minister had set forth the policy of the government in this house. I do not propose to read all the editorial, but in it I find this statement:

> One feature of Mr. Howe's speech, however, requires far more explanation than it has yet got. That is the determination on the government's part to divorce air and rail transportation. Why? What good purpose is being served? All that we have from Mr. Howe is the flat statement that he believes it wise. But that is not good enough.

This is not Conservative propaganda or Conservative criticism; it is an editorial from the Winnipeg *Free Press*. The editorial goes on to say:

> Many reasons can be put forward for maintaining air and rail connections. The services in certain respects are complementary, and it is obvious that important economies in operation can be obtained by a sharing of certain costs. On this point there must be definite suspension of judgment until the case for separation is more clearly defined.

The Canadian Manufacturers' Association is a large and important organization in this country. Its members are citizens of Canada who have played an important part in the industrial development of the dominion and who have done an important job during this war. After this bill was before the committee last, the Canadian Manufacturers' Association presented a submission, a copy of which I presume the Minister of Munitions and Supply, who is acting as Minister of Transport, has received. I have this submission before me. I am tempted to read it all, but I shall not do so. Here is one paragraph that I shall read to the committee:

> The long experience gained through the administration of existing legislation pertaining to transportation regulation has proven that the administrative board to deal adequately and fairly with various statutory conditions must be clothed with adequate powers and staffed with experienced and expert personnel. Only in this way can all concerned be assured of fair and independent action on matters dealt with by such board. The conditions of Bill 133 fall far short from meeting this important test.

I do not think either the Winnipeg *Free Press* or the Canadian Manufacturers' Association, of which perhaps the minister was at one time a member—

Mr. HOWE: Do not accuse me of that.

Mr. HAZEN: Does the minister deny it.

Mr. GREEN: Perhaps he still is a member.

Mr. HAZEN: I do not think it can be described as indulging in a storm of propaganda when it criticizes the provisions of this bill.

When this bill was introduced in the house earlier this session the Minister of Munitions

and Supply said that in general it followed the provisions of the Aeronautical Act of the United States and the functions of the civil aeronautics authority. But there are wide differences between the United States act and the bill before us. The only apparent parallels are minor details. The differences between the United States act and this bill are wide both in particular and in fact.

The civil aeronautics board of the United States consists of five members. The act provides that not more than three of them shall be of the same political party. It functions independently of the secretary of commerce. It reports directly—

Mr. HOWE: Where did that information come from?

Mr. HAZEN: —to the president and to congress. This bill provides that the report shall be made to the Minister of Transport. The United States act does not do that.

Mr. HOWE: Each reports to the government.

Mr. HAZEN: Under the United States act the report is made directly to the president and to congress. The bill before us provides for but three members. There are no legal restrictions as to political affiliations, and the board is directly under the authority of the minister, whom it advises and whose directions it executes.

There is perhaps only one respect in which the United States act and this bill are similar. Under our bill and under the United States act a surface carrier cannot engage in air transport, but I believe that the minister was inadequately informed when he stated in this house that he knew of no other country where the control of aviation was in the hands of surface carriers. The most striking example to contradict that statement is to be found in Great Britain, where the internal air services are operated by railway companies and where steamship companies already are making plans, apparently with the informal encouragement of the government, to operate external services to other countries after the war. For some reason we have adopted the policy of the United States rather than that of Great Britain. I fail to understand under what principle you can enact legislation providing that a corporation must confine its activities to one phase or aspect of its business.

A fundamental difference between the United States act and the bill we have before us is to be found in the principle of a monopoly, publicly owned or otherwise, against that of competition where feasible. We have created an instrument for our air policy in Trans-Canada Air Lines, and have given it wide, exclusive rights. I do not object to that. If the government of this country want to establish a sole air line from the Atlantic to the Pacific they have a perfect right to do so, having entered the field first. But, the civil aeronautics act of the United States explicitly requires that no exclusive right shall be granted for the use of any civil airway, and that no certificate shall confer any proprietary or executive rights in the use of any air space, civil airway, airport or air navigation facilities. Our bill would prevent competition in the Canadian air. The United States act permits competition in the Unted States "to the extent necessary to assure the sound development of an air transportation system properly adapted to the needs of the foreign and domestic commerce of the United States." If you refer to the sections of the United States act which I have mentioned you will see that our bill does not follow the provisions of the United States act except in minor details.

We have objected to the great powers given the minister under this bill. We have objected to the power to make regulations. We have objected to the fact that the minister, who makes decisions in the first place, should sit as a court of appeal on his own decisions. The minister has resented our criticism. This afternoon he said that a brand new party name was becoming completely unstuck, and that the word "Progressive" should be dropped. As I have said before, Mr. Chairman, under our system of democratic government it is the duty of members of this house to make the laws, while it is the duty of independent judges to interpret and enforce those laws. If it is unprogressive to insist on that principle being observed, then this party is unprogressive. If it is progressive to insist that we have a dictatorship set up in this country, then this party is unprogressive.

I have a great many suspicions and fears when I read in a bill that a minister, or the governor in council, has the right to make regulations. If these regulations are of a purely administrative nature there may not be much objection, but the difficulty and danger arise from the fact that in too many cases these regulations are really laws which impose penalties. I remember that two or three years ago, I think perhaps it was in 1940 or 1941, the Minister of Fisheries with the approval of the governor in council made a regulation. It appeared very simple; it was known as special regulation No. 9, and pro-

vided that there should be no net fishing in the non-tidal waters of the Saint John river without a permit from the minister. No permits were granted, and the result was that this order in council took away the riparian rights people had in the non-tidal waters of the Saint John river. They lost their property without receiving any compensation therefor. That wrong has never been redressed, but one of these days that will have to be done. So that I think I am justified in being suspicious of the provisions of these acts which allow the governor in council to pass regulations, about which the members of this house have no say and which have the force of law. It is our duty in this house to make the laws; they should not be made by regulation or order in council except in war time.

We have objected to the provision of this bill which allows the minister to sit as a court of appeal after he has given a decision in the first place. I think it was the hon. member for Cape Breton South who, in speaking on the bill this afternoon, said that this measure was bringing back prerogatives which should remain with the house. It is doing nothing of the kind; it is taking away prerogatives that should remain in this house. It is taking away the rights of hon. members to make the laws of the country. That is one of the reasons for which their constituents elected them. There is a principle of natural justice involved, one which may not be found in any book of law, to the effect that no man should be judge in his own cause. But here, under this measure, we have the minister first deciding whether or not a man should have a licence. The minister has to pass on that first; then if the man feels he has not been fairly treated, or if he has some grievance, he has the right of appeal. To whom does he appeal? Why, he appeals to the minister, the man who makes the decision in the first instance. I say that violates a principle of natural justice and it is not a position which hon. members should be asked to accept in any bill.

Under this measure tremendous powers are given to the minister. In November of last year the board of trade of Halifax and the board of trade of Saint John made a joint application to have an air line established between those two cities. There was great need for a service of that kind, because there is a good deal of business carried on between those two points. Many members of our armed forces are stationed at one or other of the cities, and at times they have occasion to move quickly between those two points. Although a joint application was made by those two boards of trade, it was refused. The refusal was made, despite the fact that the Canadian Pacific Railway company was prepared to institute a service immediately—a good service, with proper machines.

I have heard some criticism of the Canadian Pacific, but may I say right here that that railway has rendered great service to the port of Saint John. It has been largely through the efforts of the Canadian Pacific that we have a port there at the present time, and were it not for that railway I do not know where Saint John would be to-day. We are deeply indebted to that great corporation.

I put a question on the order paper in connection with this matter. It is to be found at page 781 of *Hansard*, and is in these words:

> Is it the intention of the government to establish an air service between Saint John, New Brunswick, and Halifax, Nova Scotia, and if so, when will the service commence to operate?

The answer I received was as follows:

> Trans-Canada Air Lines has been authorized by order in council P.C. 6256 of August 6, 1943, made pursuant to the "Trans-Canada contract" authorized under the Trans-Canada Air Lines Act, 1937, to establish a service between Blissville, New Brunswick, and Halifax, which will be placed in operation immediately upon the completion of a radio range now under construction at an intermediate aerodrome on the route between Saint John and Halifax.

I understand that service is to be established at an early day, although I do not know just when. I have not seen the announcement.

Mr. HOWE: July 1, 1944.

Mr. HAZEN: Well, then, it was established on July 1 of this year. I wish to add, however, that in my opinion that service is going to be absolutely inadequate and unsatisfactory. Hon. members may not know where Blissville is, but for their information may I say it is situated in the county of Sunbury, about forty-four miles from Saint John. Forty-four miles is not a great distance, when one visualizes a modern, first-class paved road. But a great part of the road to Blissville is only a secondary road. Not only is it a country road, but it is one on which there are sharp curves anad steep hills. I doubt if a road of that kind can be kept open in the winter. I should think—and I may be exaggerating a little when I say this—that possibly it would take almost as long to go from Blissville to Saint John by motorcar as to go from Halifax to Saint John by air. The situation, so far as Saint John is concerned, is absolutely out of the question. Time will prove whether I am right or wrong, but my suggestion is that a better and more convenient location should be established, because aircraft landing at

Blissville are much farther from Saint John than they should be. I was going to say that it would be a two-hour drive from the airport to the city; when I say that I may be exaggerating a little. But the fact is that it is a long distance away. I am satisfied that the situation will prove most unsatisfactory and inadequate.

Mr. HOWE: With reference to the service at Blissville, might I point out that, unfortunately, it is not possible to land large aircraft unless a standard landing field is available. The longest runway of the aerodrome at Saint John is about 2,000 feet, ending in a rock pile. It is not possible to land modern transport aircraft in that aerodrome. In order to give Saint John aeroplane service, it was necessary to use the nearest suitable field, and that happened to be at Blissville. Blissville is on the main line of Trans-Canada Air Lines, and is situated about halfway between Saint John and Fredericton. Until a suitable field can be provided at Saint John, that field will be used. The new service will be the means of bringing the mails to Saint John several hours more quickly than could be arranged by the recent air mail route.

My hon. friend says that it will take as long to go to the airport from Saint John as to go from Blissville to Halifax. Perhaps that is true. It takes as long to drive from the centre of Montreal to Montreal airport as it takes to go from Montreal airport to Ottawa. Despite that fact, there is a great deal of traffic by air between Montreal and Ottawa. Both the Toronto and Montreal airports are well located, when compared with airports of other large cities. I might add that the distance from Toronto to Malton is about twenty-two miles; yet there is heavy travel from Malton airport.

I am not suggesting that the final word has been said respecting an airport for Saint John. Plans are now under way to develop an airport which will be more suitable so far as its distance from the city is concerned. But, as I said earlier, it is impossible to divert labour from war work or other essential work, to undertake a purely peace-time project. We believe the service now being offered at Saint John, through Blissville, is a considerable advance over the air mail service which has been enjoyed in the past. We regard it as a step toward a still more adequate service in the future.

Mr. ADAMSON: Will the minister say whether there is any locational difficulty in connection with developing Toronto airport as a major airport, if the runways were built long enough?

[Mr. Hazen.]

Mr. HOWE: Toronto airport?

Mr. ADAMSON: Toronto island airport.

Mr. HOWE: That is in the middle of a nest of very high buildings. Within half a mile there are high buildings like the Royal York hotel, as well as two grain elevators. If my hon. friend thinks a pilot would enjoy going in there on a rainy evening with twenty or thirty passengers back of him, he is very much mistaken.

Mr. ADAMSON: Even if the runways were enlarged?

Mr. HOWE: Even if the runways were two miles long I do not think any pilot would undertake to make a blind landing at Toronto island. If an airport is not suitable for bad weather, it is not suitable at all, because passengers must know in advance the airport that will be their point of arrival or departure.

Mr. ADAMSON: I have seen T.C.A. planes fly from there.

Mr. HOWE: I have flown into and out of it many times, but always in good weather.

Mr. DIEFENBAKER: Mr. Chairman, we on this side of the house believe that there is a very important principle at stake, and we have endeavoured to place our viewpoint before the minister on this and previous occasions. This bill, amongst other things, provides for the setting up of a board. While the minister in his interview with *Canadian Aviation* magazine has stated that the board will exercise judicial functions, as the bill is at present it will simply be a stooge or pawn in the hands of the minister.

The application of this legislation will be mainly confined to the after the war period. If the principle enunciated by the minister is followed out, the granting of licences will be held back until after the war in order to assure an opportunity being given to our men returning from overseas to secure some of these licences. If this bill goes through in its present form we feel that it will stifle and strangle the expansion of air development in this country. It will place everyone who desires to expand in the way of air development subject, not to the regulations or orders of a judicial body, but to the approval of the minister in everything that is done. Over and over again the minister has repeated by way of explanation that this board is similar to the civil aeronautics authority in the United States. The hon. member for St. John-Albert has shown that one similarity is that the civil aeronautics authority in the United States has the

power to make regulations and control, but that board has the power to exercise judicial functions also and to make decisions as between individuals, untrammeled and unfettered by the executive.

Mr. HOWE: My hon. friend is quite wrong. Licences for air lines are not issued by the aeronautics board; they are issued by the President of the United States, who is the executive in that country, just as the cabinet in Canada is the executive in this country.

Mr. DIEFENBAKER: That is true enough, but the determination is made by the board.

Mr. HOWE: It is a recommendation by the board.

Mr. DIEFENBAKER: The recommendation is accepted; it is in no case refused. That is the difference between these boards in one particular. Surely, with the coming of peace we in this parliament have the right to assure once more the return to democratic principles and not permit the power of any official to be uncontrolled. We must assure that opportunity is given to aggrieved individuals to have recourse to the courts in order to secure justice. Under this board as it is to be set up under this bill there is not an individual or a company who, having been unfairly treated, will have any recourse whatsoever.

I mentioned a while ago the desire of the province of Ontario to establish air lines, and the minister said that the matter could be determined by the board, but official determination will rest with the minister. I asked him the simple question whether or not he would agree in principle, whether or not he would say it is right and proper that any provinces—not only the province of Ontario—should be permitted to operate air lines within their boundaries, but he neglected to give his ideas thereon. He has been very free with his ideas as to certain principles that will guide this board and the minister, but when it comes to a question such as the one I asked there is grave uncertainty in the answer given thereto.

If this board is set up as outlined in the bill, equality under the law will be denied. There was equality under the law between 1938 and the present time, subject, of course, to the exigencies of war as set out in the order in council that was passed in 1940 or 1941. All we are asking for is that all shall have an equal opportunity. We have no interest in the matter of monopolies. The minister says that this bill is similar to the act in the United States, but in this bill there is no such provision that would deny monopoly as exists in the act of the United States. Under that act when an application is made for a certificate, publication is made of the application. Public notice is given thereof and any interested person may file a protest.

What is even more important, that act provides that no transfer of service will be allowed unless approved by the board as being consistent with public interest. Finally there can be no merger of air carriers except when approved by the authority. I find it difficult to follow the minister in his peregrinations since he made his first declaration of policy. When he first declared his policy he said that the railway and shipping companies shall not operate airways, that both T.C.A. and C.P.A. would have to divorce themselves from the railway companies to which they belonged. He said that that was imperative, and indicated that that was one reason for this legislation. As time went on, he changed his viewpoint considerably for in an interview with *Canadian Aviation,* he said:

> I call your attention to the fact that C.P.A. has not been ordered to break up its system. The statement of government policy indicated that air lines will be separate operations from surface transportation.

And a little later on:

> There is nothing to prevent C.P.A. from continuing its present operations under other than railway ownership.

As the bill is brought down there is no such imperative provision as at first enunciated by the minister. The provision is that no licence shall be issued to any such company or person unless the governor in council is of opinion that it is in the public interest that such licence be issued. That is a long way along the road from the declaration which was made when the minister first announced his policy.

All that I want done is to assure that there shall be fairness in the distribution of these air licences. All I want to be assured of is that there shall be no discrimination against any person, that all shall be equally and fairly treated, and that no arbitrary power shall remain in the minister. This bill is not to take effect in the main until after the war. It may not be the present minister who will then be in charge. But the principle is there, Mr. Chairman, the principle that if we pass this bill as it is now, we shall be setting up a body having all the appearances of power, but denied the exercise of that power excepting subject to the minister. Under the former act that covered rail transportation, ocean transportation and air transportation, provision was made for appeal.

Mr. HOWE: An appeal on what?

Mr. DIEFENBAKER: The minister says, "an appeal on what?" An appeal on questions of jurisdiction or on questions of law.

Mr. HOWE: Appeal on questions of law to the courts, and appeal on questions of jurisdiction to the cabinet.

Mr. DIEFENBAKER: The minister had better read the Railway Act and bring himself up to date. I have a copy of the act here.

I am going to ask the minister, will he accept an amendment providing that an appeal shall lie from the board to the Supreme Court of Canada upon a question of law or upon a question of jurisdiction, or both, upon leave therefor having been obtained from a judge of the said court upon application made within one month after the making of the order, decision, rule or regulation sought to be appealed from? There is nothing unreasonable in that. It will preserve as a principle that the subject shall not be subject to the dictatorial decisions of any person and be denied the right of recourse to the courts. That provision has been in the law for years. Is there any reason why it should be removed now? Has any circumstance occurred within the past four years indicating that the transport board has not efficiently discharged its responsibility in accordance with law?

There was a suggestion here to-day from the hon. member for Cape Breton South that franchises had been granted for airways since 1938 on improper considerations. That was the import of the statement made by the hon. member, and I am going to ask the minister if there was any foundation for that statement, for it leaves a suggestion against the board of transport commissioners that, if unjustified, should be removed by the minister.

We on this side of the house believe that we ought not to confer authority by legislation upon any individual or any board the power, not only to make decisions that affect the future welfare of this country, but to interpret the decisions that they make without assuring the right to the individual aggrieved recourse to the courts.

During the period of the war we have accepted the principle that authoritarian decisions might be made by persons which deny the right of recourse and the right of review by the courts of this land. I cannot see why we should carry this principle into the days of peace ahead. Why should we by legislation in this parliament confirm for the future that which members on all sides of this house have condemned as dangerous even in war time? We in this parliament have a great responsibility and I make this appeal to the minister in all seriousness. We have seen very recently how the rights and privileges of parliament can be infringed upon when freedom of speech in parliament has been punished and penalized outside parliament. For the first time since 1764 parliament has permitted a member of parliament to be punished for the exercise of the undoubted right of members of parliament to the exercise of freedom of speech without complaint. All these things, unless we object to them, are leading along a road that tend to make parliament merely a debating society.

For the minister to accept the right of appeal that I suggest and that other hon. members here have suggested will in no way interfere with the principle of the bill or with the enunciation of the policies to be followed by the government, but it will ensure fairness and justice to the individual. I never was more serious in any matter that has come before this parliament. I have objected to orders in council multiplying at a rate never before equalled in any parliament anywhere—in this country to-day eight times as many as have been passed in Great Britain since the war. We have accepted their intended use for the period of war in the interests of victory, in the interests of survival. But I submit that now, when we believe that the day of peace approaches, we should make it a point to put a stop to the continuation of the trend.

The suggested amendment does not interfere with the principle of the bill. If it is accepted the government may go ahead and carry out whatever its policy may be, as carry it out it will. But there will be assured to everyone an opportunity to equality before the law and the denial of the right of any group to determine rights in the absence of the individual, without regard to jurisdiction and without regard to law.

There is one other matter and I am through. When our men come back from overseas, after their training in aviation, we must assure that there will be available to at least a considerable percentage of them an opportunity to secure employment in this country. Only recently the administrator of civil aeronautics, Mr. Charles Stanton, speaking at Washington, stated his belief with regard to American aviation in the future. He said:

> Aviation must be brought to every sizable community that has need of it. . . . We are now on the threshold of a great and intensive development requiring expansion along every line, and in speaking of expansion, I do not

mean adding a few more schedules from point to point, or just a few hundred miles of new routes each year. In speaking of expansion, I mean hundreds of new schedules, and thousands of miles of new routes, carrying millions of new passengers, and great quantities of air express, and practically all of the first-class mail.

We in Canada are not ready for this expansion. The Aeronautical Institute of Canada has given a great deal of study to this matter, and I should like to have a statement from the minister regarding the representations it has made concerning the question of development of airfields at this time, to make ready for extended air facilities after the war. In the submission that was made it was pointed out:

> In our war effort we are creating two gigantic reservoirs of education. In the factories we are spending hundreds of thousands of dollars training aircraft mechanics in the construction and servicing of aircraft. In the air force we are spending millions for the training of riggers, fitters, administrative and air personnel. We wish to use these reservoirs of education for the benefit of the nation at large.

There are in Canada 580 cities, towns and villages with a population in excess of 1,000 and only thirty-two of these places to-day have airmail passenger service. After the war is over, having regard to present developments, seventy-five more will be in that position, but there will be 470 of these towns and cities in Canada with no suitable airport or aviation facilities. We are concerned with rehabilitation under this measure—the rehabilitation of the men who return after service in the air force. For the expenditure at the present time of $20,000,000, airfields in these towns and cities, sufficient for post-war interurban aviation, could be developed, and the result would be that, when the war is over, if we had 400 or more airports ready we would be able to assure many hundreds of these returning airmen of an opportunity to go into business for themselves and to operate trunk services and interurban services between these cities and towns.

I often think of the difficulties that we shall have when peace comes. There are some 200,000 men in the air force, and at the very best, according to the highest estimates to-day, not more than 25,000, including groundcrew, will secure employment under the air scheme as formulated for the future. For the expenditure of $20 million, which is less than it now costs to train 800 airmen, we would set up in this country the foundation for a great and extensive Canadian air service which would assure, according to the estimates that I have received, about 60,000 men returning from overseas of an opportunity to carry on the work for which they have been trained and educated, and in addition to that the demands for aeroplanes would result in the improvement of the aeroplane industry and would assure at least that portion of those to-day engaged in aeroplane production being carried on the payroll after the war.

I consider this to be the attitude of all members in this house toward this bill. We may disagree in the details, but our purpose is to ensure that in the foundation we now lay for aviation after the war we shall see to it that provision is made for maximum employment of the men who return, while at the same time we contribute to the welfare of the dominion. It is in that spirit that I have spoken, and I am asking the minister once more to advise the committee whether he can see his way clear to accept the amendment, or to introduce an amendment himself, in order to provide for equality in the administration of this vast undertaking—equality for all who apply, including the men who will be returning from overseas.

Mr. HOWE: My hon. friend has proposed a most innocuous amendment. He proposes making provision in the bill for an appeal, in matters of law and jurisdiction, to the Supreme Court of Canada, to be granted on application to a judge of that court. That has been in the Transport Act, which is a very bulky document, since the act was drawn, and it has been acted upon very infrequently, if at all. I have no objection whatever to putting it in this bill, although what the question of jurisdiction or law has to do with this measure, which covers three pages of printed matter, I cannot imagine. The mountain has laboured and has brought forth a mouse, but if it is at all valuable we will put it in the bill.

Mr. DIEFENBAKER: The mouse has remained in the statute books for the last thirty years.

Mr. HOWE: But not in this act.

My hon. friend went on to say that the government was doing nothing about building airports for post-war aviation. Perhaps I could give a few figures on that. For all civilian airports up to the beginning of the war, the federal government has spent $16,240,550.83. That is for the building of aerodromes and radio facilities, and that figure includes $3,707,310.52 in grants to assist municipalities. Since the war began, the government has invested in airfields and radio facilities the sum of $141,184,827.40. That does not include buildings but is simply for aerodromes and radio facilities. That amount has been expended on improving sixty-four aerodromes

and bringing them up to the standard required for modern aviation, and in building 147 new aerodromes.

Mr. DIEFENBAKER: How many of these are used for war purposes?

Mr. HOWE: Practically all of them. There is no aerodrome in the country that has not been used at one time or another for war purposes. Practically all of them are used to-day for war purposes. My hon. friend suggests, on the authority of the aeronautical institute, that another $20 million for aerodromes would solve the whole problem of providing work for all the flyers overseas. That is the implication.

Mr. DIEFENBAKER: I did not say that.

Mr. HOWE: As I understood my hon. friend, twenty million dollars will provide 200 more aerodromes. That is a very reasonable price for aerodromes in this day and generation. Well, my experience is that the average aerodrome costs between $2 and $3 million. Perhaps we shall not place too much reliance on the figures put out by the Aeronautics Institute of Canada. It is not a representative body of Canadian aviation in any sense of the word. I do not know that I need to say anything further. Now that we have accepted this Conservative amendment in a spirit of cooperation, I hope that we shall get cooperation and perhaps get on with this bill.

Mr. ROWE: I do not wish to hold up the bill, but I do not agree with the Minister of Munitions and Supply, and I am impressed with the excellent remarks of the hon. member for Lake Centre. I think this bill strikes at the very root of one of the vital necessities for post-war employment, post-war development and progress in general. It strikes at the very heart of individual enterprise, freedom of vocation and all those old principles that the great party which now forms the government once stood for. In fact, I can well recall when the hon. member for Vancouver Centre was criticized for defending the laissez-faire-ism that has characterized Liberalism in Canada for the last quarter of a century and up until quite recently.

Since we appear to be approaching the end of this gigantic struggle overseas, I can see no one line of activity in this dominion that offers newer and fresher opportunity for the recently developed skill and ingenuity of so many thousands of our boys who are to-day fighting overseas. It has often been said that, despite all the terrors and difficulties of war, we can make more progress in the five awful years of war than we sometimes can in fifty years of peace. It is unfortunate that we cannot speed up progress in time of peace. Like the mother of invention, necessity speeds it in war time. We have observed that in the two great wars of the last quarter of the century untold progress has been made. Whether it has been made from necessity, or from the marshalling of forces and the genius, skill and mentalities of all our people, it is not for me to say.

We find that this bill offers a curtailment. Indeed, it may well be accepted by many of our people as an indication of the trend of the times, a trend that may well be feared. As the hon. member for Lake Centre has well said, in time of war we accept certain regimentation; we are ready to endure certain restrictions. We are ready to accept and are, indeed, enduring licences to operate, licences to do business. We find that this bill passes the powers and prerogatives of the government on to the minister himself. I can think of no activity for which our young men would be more eager than civil aviation because of their experience in this war. I can think of no vocation that they would be more eager to enter into than the wide and great possibilities of air transportation in this dominion. From day to day we read in magazines what the helicopter will do and how it will be a subsidiary of the great Trans-Canada Air Lines. We can visualize the possibilities of the manufacture of those important modern airships, their servicing, the personnel to run them, and where it will fill in a great gap to encourage the consumption of manufactured goods to make up for the great destruction that is now taking the products of our toil.

The minister has said that he does not propose to allow the vigorous competition that we had in transportation systems of this country to continue. Since when, Mr. Chairman, has competition ceased to be the life of trade?

Mr. HOWE: Where do you find anything in this bill that stops competition?

Mr. ROWE: It is the prerogative of the minister to stop it or start it. This strange bill gives the minister power to grant licences. This bill gives him power to tell those who have a licence whether they can or cannot operate. The board of transport commissioners cannot do that; it is the minister. The minister has power to determine whether or not they can engage in business. If that does not prevent those who would like to go into this promising field of industrial activity from doing so, then I do not know what kind of bill could be passed that could frighten

initiative any more. I consider that the minister could have improved this bill a great deal. As the hon. member for Lake Centre has said, I should like to see the minister reconsider some of these clauses. I should like him to reconsider the clause that says an appeal can be made only to the minister. It seems almost unnecessary to make provision for an appeal to the only person who can grant a licence. I realize that in the post-war period and in the period between war and peace the greatest caution must be exercised. I agree that we must have a board of commissioners. We must have a licence and a charter to operate a service, but it seems strange that only those who are prohibited in advance are those who are the most experienced in this operation.

We are told that the Trans-Canada Air Lines shall be given licences for any further routes that they may need in order to carry out their present agreements. If this is in keeping with the policy of enterprise and free individual initiative that my hon. friends have always proclaimed as their policy, I do not think any party or any government in this country has ever had a mandate from our people to change so fundamentally the principles of control over enterprise. It is true that we may have it in time of war, but we are here planning for peace time. I believe in the same old competition that was the lifeblood of trade all down through the years, rivalry, struggle and competition, whether it is with reference to the people in transportation or with reference to manufactured goods or to whatever it may be.

Mr. KNOWLES: Especially in the thirties.

Mr. ROWE: My hon. friend always harps back. I am not much concerned with those who live amid the antiquities of the past and dream of the old socialism that has come down through the years since Karl Marx. Evidently my hon. friend has no conception of what constitutes the lifeblood of industry in this country. I might refer my hon. friend to a period even farther back, during the last war, when the same line of thought which he and his party propound in this house seemed to capture the imagination of the Britishers, and they nationalized the coal mines. What happened? Under public ownership production dropped from 258 tons per man per year to 176 tons per man per year. They became alarmed when production steadily decreased under this government monopoly, as it might be called, and later on returned the coal mines to private industry, to those who had experience in operating them, and production went back up to 358 tons per year per man. But that experiment cost the government of Britain over $200,000,000.

I realize it may be said that this is not entirely a matter of public ownership, but at least it is a step in that direction. I do not know whether this step is being taken in view of the coming election. I know there are grumblings in the mulberry bushes these days, and much concern as to what might happen.

An hon. MEMBER: Are you in the bushes?

Mr. ROWE: No, but my hon. friend will be in the bushes after the next election. I am surprised that my old laissez-faire champions, who used to say, "We stand for free enterprise, for equal opportunities for all," are now, on the eve of an election, terrified by the signs of the times, entering into a shotgun marriage with those who would destroy industry and bring in public ownership all along the line. Under this bill the minister will be free to do whatever he pleases. Someone said this afternoon that the Minister of Munitions and Supply had been a capable engineer. That is very true, and I do not say this because he is not in the chamber at the moment; but before he became a member of this government he engineered some of the finest buildings in this country. He did so under individual enterprise and initiative, and built great monuments to his technique and skill. I am, however, surprised to find a bill like this coming from such a skilful engineer. The minister alone can issue licences, but the board which is to be set up can cancel them without his approval. The minister can indicate the companies that will get all the licences they wish, and he can indicate in advance the companies that will not get licences. He can say, "Those of you who have had experience in operating air lines must stay out of this," with the exception of one line. I hope this skilful engineer is not engineering a socialistic gesture toward my socialist friends to the left, because this bill offers very little encouragement or assurance to the maintenance of individual enterprise. Is this to be the encouragement offered to those who propose to develop the great resources of this country in order to provide employment for our people following this war? Is this to be the new doctrine, the new type of policy that is to encourage them? Are we to have a continuation of the present bureaucratic control? Are we to have a continuation of the restraint of trade, the regimentation, the licensing and so on? My hon. friend says that it is not a restraint of trade. Well, you might just as well restrain trade if you are going to restrain initiative.

Mr. MACKENZIE (Vancouver Centre): Restraint of trade has always been the gospel of you and your party.

Mr. ROWE: Well, my hon. friend restrained some of it, too.

Mr. MACKENZIE (Vancouver Centre): That was your grand cure.

Mr. ROWE: I can well remember how trade was restrained during the regime of hon. members opposite. My hon. friends always like to go back to the thirties, but I am trying to point out what may happen in the fifties. As an hon. member behind me says, hon. gentlemen opposite are like infants crying in the night, crying with a small voice in the face of the coming election. Hon. members opposite are very good at pointing to the thirties, no matter what issue is under discussion. Let me take my hon. friends back a little farther, if they want to talk about the past. Go back to the years from 1921 to 1929, before some hon. gentlemen opposite were in this house. Why did the number of people leaving this country exceed the natural increase? Why did so many people from Canada settle in the United States during those years? Why should there be more people from the province of Quebec living in the New England states than are living in Quebec to-day? Why were hon. gentlemen opposite dusting off their old free trade doctrine? Why were they saying of other policies, as the hon. member for Vancouver Centre is saying to-night, "Because it is a Tory doctrine we shall have nothing to do with it." Why did they tinker with the tariff between elections, as they are starting to tinker with it again? Why should our artisans, our mechanics, the graduates of our universities, go to the United States, where they have remained until this day?

The ACTING CHAIRMAN (Mr. Golding): Order. This has nothing to do with civil aviation.

Mr. ROWE: I am only answering the questions that are put to me. If it is in order for hon. gentlemen opposite to utter gibes in relation to what happened ten years ago, surely I am in order when I remind them of what happened in the ten years before that. The great depression they are talking about did not follow immediately after the last war; it followed immediately after the regime of the Liberal government, from 1921 to 1929, when every elevator in the country was full of unsold grain, and when millions of people left this country looking for jobs.

Mr. MACKENZIE (Vancouver Centre): Civil aviation!

Mr. ROWE: It would take some aviation to find the men and women who left this country because you denied them opportunities at that time.

Mr. MACKENZIE (Vancouver Centre): What did you do in 1932?

Mr. ROWE: In 1932 we were cleaning up the mess you left in 1929, and I have no apologies to offer in that connection.

Mr. MACKENZIE (Vancouver Centre): You ruined aviation for ten years.

Mr. ROWE: Throughout the world there were thirty million people idle in 1932, and what happened in other countries from that year until 1940? The people, who, were starving and on relief according to the hon. gentleman opposite, enjoyed a higher standard of living than many of those employed in other countries, as we pointed out. Following the war this country will offer great opportunities, in aviation and in industrial development generally, if only we keep our feet on the ground and bear in mind our great traditions, not alone those of this party but also those of hon. gentlemen opposite. Let us give some hope to the man who is looking to the future; let us hold out some encouragement, some reward for individual endeavour, to the boy who is looking upward rather than down at the ground. Do not tell him in advance that because he knows how to handle an aeroplane he is not going to get a licence. Do not tell him in advance that while the minister can give him a licence, the board can cancel it. Do not tell him that you are not going to give him a licence for fear he may compete with someone else. After going through the conflict; after having grasped the opportunity to do his duty for his country; after having taken his chance and accepted the risk, he will come back here full of fire, of faith and of fight. He will realize that competition and healthy rivalry, yes, that the struggle involved in giving service to our people, are the very lifeblood of this country.

Mr. KNOWLES: This is where I came in.

Mr. ROWE: My hon. friend says that is the right thing.

Mr. KNOWLES: No; I said "This is where I came in."

Mr. ROWE: Yes; well, I will say that is where my hon. friend will go out. The people of this country, neither old nor young, will ever stand for that one big monopoly. If my hon. friend thinks some of our monopolies are too big now, what about the one big one he would bring about? Who is going to run

it? It would seem that we are going to nationalize everything. Who will be the operator?

An hon. MEMBER: There will be no profit.

Mr. ROWE: We shall not need elections.

An hon. MEMBER: And what about the sheriff?

Mr. ROWE: Someone refers to the sheriff. Well, the sheriff may come in. He may come in before my hon. friends take over; and he will certainly come in in a national way after my friends have taken over.

I do not wish to speak at length, except to say that the principle of free enterprise, the old principle whereby a man hopes for a reasonable reward in return for his own efforts, is the thing that will bring this country back. We cannot pull ourselves up by our shoelaces. We cannot legislate ourselves out of competition. Why, you might as well legislate yourself out of circulation.

Hon. members in this chamber know about the development in the automobile industry. I do not expect that either they or I will see the time when the aeroplane will be as generally recognized as a way of travel as the automobile has been. But we do know that in the next few years many of our young men, who are now in the services, and who may have dreams, will try to fulfil those dreams. I have heard them say that they want to club together, to build up a few thousand dollars so that they can establish a company to give service into the north country.

As the hon. member for York South said this afternoon—

An hon. MEMBER: York West. You are getting all mixed up.

Mr. ROWE: And you have been mixed up most of the time since you have been here, and you have not been here long.

I can well recall being at Red Lake in 1936, and I recall the pride of those aeroplane operators, who risked their lives every day. The hon. member for Fort William would know some of them well. We know that since that time some have lost their lives. They were the men who risked their lives in those little, old wobbly planes. True, they were not very safe to ride in, but some of us risked riding in them. They twisted and squirmed, but they got to Red Lake. And those boys, with a sense of pride, referred to their trips to Red Lake. It made their chests swell with pride when they said, "There is more freight comes in here every day by air than is coming into any airport in the United States of America."

That is what has happened in that north country. And then my hon. friends to my left would say, "No; we will determine it by this parliament. We will get a group of politicians in the house to say whether or not we can go to certain points and find gold, or find ore that has mineral value in that great north country."

Again, as the hon. member for York West said, perhaps there were some who lost their money when they were taken in by air. But that was not the fault of the aeroplane; it was the fault of what they saw when they got there, or through their lack of good judgment.

But in the northern parts of Quebec, in the great Yellowknife district, and in the Northwest Territories—in all these areas where there are no railways, development would not have been as rapid, had it not been for the risks these men have taken, and the aeroplane service that has been provided.

Therefore I say I am opposed to the principle embodied in this bill, a bill bristling with domination by the minister, bristling with a continuation of regimentation which is so distasteful in a time of war, and certainly should never be perpetuated in peace time. I say this in all kindliness to the minister. Someone said to me that if there was to be a dictator it might as well be the Minister of Munitions and Supply, and I was inclined to agree with that, because, as I have said, he was a good engineer in some respects. And, if we have to be engineered. probably we might as well be engineered by the Minister of Munitions and Supply as by anyone else.

The people do not want this kind of bill. I do not believe they have ever voted for a bill of this kind. I do not believe they have ever been told before an election that we were going to put this great new enterprise into some new form of strait-jacket, and that we must leave to the minister the decision as to who shall or who shall not have air routes.

I must say, however, that I think the minister could and should amend this bill. He could amend it so that the board would function as does the board of transport commissioners. He could sit on a commission of that kind, and would not only add dignity, but give assistance. I think the minister should say that he will give a free chance to those who can give the assurance that they have the necessary funds and the necessary aircraft to carry passengers safely. If a group of young men ask for a permit, whether they favour the government or do not favour it; if they return from overseas and show by their skill and ingenuity, and what they have behind them, that they want to establish a route into some district, and want to develop the country and take the risk, then I say that there should be some rule under which there

would be equality of opportunity for those men, in this great and promising enterprise of the future. Probably we in parliament might not have as great an imagination as those young men will have.

I do not believe the enterprise should be strangled to the point where we can say who can or who cannot enter into this type of development. Surely we can regulate matters so that, once they get into the air, they will not run into each other. Surely, if we can regulate at all, we can do that. I agree that we should not grant licences to people to carry our men, women and children in aircraft which would not stand up to any reasonable mechanical tests.

We shall not be short of men to operate aircraft. There will be thousands of them, even after taking account of those grand pilots who have been lost. We shall have thousands of men after this war who will be dreaming of taking their places in work of this kind. They will read this bill and say, "What does this mean? Does it mean that we cannot organize a company? Does it mean that we cannot get a licence? Does it mean that licences can be cancelled, at will? Does it mean that the Trans-Canada Air Lines can get anything they like to complete their service and monopolize the business? Does it mean that the Canadian National Railways, because they are experienced in transportation, and because they know something about air travel, should be eliminated? Does it mean that Canadian Pacific Air Lines must be eliminated?"

Mr. GARDINER: What do you think it means?

Mr. ROWE: I should like to hear what the Minister of Agriculture thinks it means? I would say that it means as much to free enterprise in the future as the Saskatchewan elections meant to the future possibilities of your party.

An hon. MEMBER: And yours.

Mr. GARDINER: Ours will still be living after yours is gone.

Mr. ROWE: I can say this, anyway, that we at least did not lose anything in Saskatchewan. However, it will be observed that ministers on the government benches are trying to divert the issue from the one before the Chair. I shall not detain the committee, but I say to the Minister of Munitions and Supply, in conclusion, that I have spoken in all sincerity, and I have meant just what I have said.

Mr. GARDINER: What have you said?

Mr. ROWE: Well, the Minister of Agriculture cannot read the newspaper and listen to me at the same time. I say in all sincerity that this does smack of socialism. I have no apology to make for free enterprise. I know something about what has made this country what it is. I know what a day's work is. I know what it is to start from scratch. I have seen some of our best men start from scratch, as one might term it. I can see all these delightful young men and women, the finest generation that has ever been born in this dominion. Even though the best of them may be killed overseas, the rest will be better than we have ever been. I am thinking of their future, and I know they will want some room for their imagination, some room for their enterprise. They will not want to be strangled and strait-jacketed. They will not want it left to one man to define their course, to be master of their future interests instead of themselves.

Mr. GREEN: I should like to ask the minister one or two questions before the section carries. The first has to do with the position of United States air lines that may try to obtain permission to fly routes in Canada. As I read the bill, there is no restriction on any air line, whether it is Canadian or not, obtaining a licence, but of course all other transportation companies are prohibited from getting a licence. I wish to know if there is anything to prevent a United States company from applying for a licence to fly between two points in Canada. Personally I think it would be a great mistake if it could be done, but there are rumours that some United States air companies would like to do that and are laying their plans accordingly. I suggest that the minister should clear up that situation.

The next question has to do with the route from Canada to Australia and New Zealand. The prime ministers of those countries were here within the last few weeks, and I have no doubt there have been some developments with regard to air routes across the Pacific. The minister should tell us what he can of those developments. My understanding is that most of the flying in Australia is done by a shipping company. I was told that a few weeks ago by a leading civil servant from Australia and I ask the minister to correct me if I am wrong. I questioned this official very closely on that point and I do not think there is any doubt about it. There may be Canadian shipping companies on either coast that could set up and operate air routes in connection with their steamship lines.

Representations have been made about this bill which I think should be brought to the attention of the minister and the committee. I have here a bulletin dated May 30, 1944,

issued by the air industries and transport association of Canada. It deals with various questions having to do with aviation. As the minister knows, the association is made up of all the air companies in Canada, including Trans-Canada Air Lines. The president this year is Mr. Noorduyn. The air transport companies which are members of the association are Trans-Canada Air Lines, Canadian Pacific Air Lines, Laurentian Air Services Limited, M. and C. Aviation Company Limited and Northern Airways Limited. The associate members are British Overseas Airways Corporation and United Air Lines Transport Corporation. There are also listed as members about one hundred companies having to do with the air industry or air transportation. These include companies building aeroplanes, parts and so on. I have not counted them, but there must be at least one hundred. I should like to quote from page four of the bulletin as follows:

Indications are that this new central authority is to be built up around the existing civil aviation division of the Department of Transport of which division the Minister of Munitions and Supply is the head.

True, this action will centralize all regulatory powers relating to air transport but from information available this board will be only an advisory body with final authority vested in the minister.

Those seven last words are underlined.

It will certainly not be the "central, free and independent authority" which the directors had in mind when they framed their resolution at the last annual meeting.

Apparently at the last annual meeting of this association a resolution was passed requesting that there be set up a central, free and independent authority. The bulletin goes on:

There is no change in the situation whereby the officials most concerned with the granting of licences are the deputy minister of transport and the director of air services, while the superintendent of air and land mail services is doubtless vitally concerned with the granting of air mail contracts. These gentlemen are all directors of the government owned air line, consequently it is little wonder that operators view this divided responsibility as being incompatible with a sense of impartial and disinterested treatment, particularly should there be a clashing of government and private interests.

This "central, free and independent government authority for civil aviation" should be established on the lines of the board of transport commissioners, which is an independent regulatory body whose rulings are binding and conclusive. Appeals from the rulings of the authority can be only to the supreme court on points of law and on points of fact to the governor in council.

Such independence alone can engender in the minds of operators the feeling that applications for air transport licences, prompted by present and future public convenience and necessity, will be considered equitably and on their merits.

That is a representation which merits the most careful consideration by the minister.

Mr. HOWE: Does my hon. friend believe it is good government to delegate governmental responsibility to independent boards?

Mr. GREEN: I have taken the stand from the start that this board should be a judicial board of the same type as the board of transport commissioners. On that the minister and I appear to disagree. I think he is wrong and I have no doubt he thinks I am wrong. I propose to read also a copy of a telegram from the Vancouver board of trade to the Prime Minister, dated June 28, 1944. I think the Vancouver board of trade has over two thousand members. It is strictly non-political; members of all political parties belong to it. The president last year or the year before was one of the leading Liberals in British Columbia, a former member of the provincial house. The telegram reads:

Regarding bill one thirty three an act to amend the Aeronautics Act. We endorse principle of an air transport board but respectfully suggest section seven be amended to read five members instead of three for reason that Pacific coast should be recognized on board by one representative. Sections nine and ten and twelve should provide for appeal from board to governor in council instead of minister. Further we recommend that section twelve be amended by placing full responsibility in board for issue of licences. We further recommend that appeal in subsection ten of section twelve should be from board to governor general in council. Cannot stress too strongly principle that control of powers outlined in bill should be in hands governor general in council rather than minister.

On the coast we are particularly concerned about having an independant board to rule on these questions. I have also a copy of a letter, which I do not propose to read, from the Montreal board of trade to the Prime Minister.

Mr. HOWE: It has been this way for fifty years. When the railroad propaganda machine rolls, every board of trade and the Canadian Manufacturers' Association snaps into line.

Mr. GREEN: The minister is going too far in that statement. I do not know anything about the Montreal board of trade, but I do not think he is right about that body. This letter is signed by the President, Henry G. Birks, one of the most responsible and finest of Canadian citizens. I do not think either he or his council can be charged with speaking for any interest. They wrote to the Prime Minister on July 4 setting out in great detail and, in my opinion, logically, suggestions with regard to this bill, and if the minister has not seen that letter I would suggest that he go over it very carefully.

So far as the Vancouver board of trade is concerned, I strongly resent the statement of the minister. He said that all boards of trade—and that covers men in every city and town of Canada and some of the most responsible men in every city and town—always speak for the railways or for some interest, or words to that effect.

Mr. HOWE: I did not say anything of the kind.

Mr. GREEN: I think the minister for his own sake should make clear that he spoke out of turn when he said that, because he is absolutely wrong and it is maligning a group of men who are among the finest citizens of this country. They have done wonderful work on behalf of Canada and are doing it every day of the week.

So much for those representations. I have no doubt that there have been many other representations made by responsible bodies across Canada, and I suggest to the minister that this bill should be given further consideration. The minister and I both came into the house together, having been elected in 1935. As someone has said, the minister is a great engineer, and I think he has made a great success of many of the things that he has undertaken here, but I have noticed that several times this house has been asked to rush through some bill for the minister giving him the widest possible authority, giving him, in fact, a blank cheque, which is what this very bill does; then in a year or two the minister finds that it was a mistake, that everything is wrong and he comes back with another bill which we have to rush through for him. That is exactly what happened with the Transport Act; much the same thing happened with the provision for agreed charges; it was forced through the house. Such procedure is not good enough. Nobody is perfect, not even on this side of the house. The minister makes mistakes too, and in this bill I think he has made several mistakes. I suggest in all earnestness that he give the bill further consideration in view of the suggestions and representations which have been made respecting it. It might still be possible to introduce a bill this session which would meet with the approval of all sides of the house. I would ask the minister to answer the two questions I have asked.

Mr. HOWE: I have explained to the committee several times the procedure with regard to applications from citizens of other countries. If an air line in the United States wishes to operate between points in Canada or between a point in the United States and some point in Canada, it must first go to the civil aeronautics board of its own country and file an application for the route with its own board.

Mr. GREEN: Even if it were flying between two Canadian points?

Mr. HOWE: Yes. We do not deal with the nationals of other countries. That is by international agreement. If any United States air line wishes to fly in Canada, it must first go to its own aeronautics board and obtain a certificate of necessity and approval of the route.

Mr. GREEN: What right would any United States board have to issue approval of a route between two points in Canada?

Mr. HOWE: Simply the right we have conferred upon them to designate the nationals of their country who have sound reasons for flying over a route in Canada.

Mr. JAQUES: Who is "we"?

Mr. HOWE: What kind of question is that?

Mr. JAQUES: You said "we" have conferred upon them. I am wondering who is "we".

Mr. HOWE: The Canadian government, the people of Canada.

Mr. GREEN: The people of Canada do not do it. It must be some governmental authority.

Mr. HOWE: I have explained the procedure four or five times, but perhaps the hon. member does not follow the proceedings very closely. The international agreement to which I refer has been tabled, and my hon. friend could clear up the point by having the Clerk produce the agreement for him.

Mr. GREEN: Does not that regulation apply only for a route from a United States point to a Canadian point?

Mr. HOWE: No. I can assure my hon. friend that we do not accept applications from other nationals. That is covered by international agreement.

Mr. GREEN: Is there anything to prevent a United States company from setting up a subsidiary in Canada which would apply for a licence and be permitted to operate in that way?

Mr HOWE: If they are permitted to incorporate a Canadian company, and the company has Canadian personnel and Canadian pilots, I presume they could do it. But the directors must be Canadian citizens, and seventy-five per cent of the stock must be owned in Canada.

Mr. GREEN: What act is that provision in?

Mr. HOWE: It is under the regulations of the Aeronautics Act.

Mr. GREEN: Should that not be in this bill?

Mr. HOWE: It is not desirable to print all the regulations in the act. The provision is just as effective if it is in a regulation. Under the act regulations can be drawn, and regulations are sometimes amended by international agreement.

Mr. GREEN: Should not the stock be owned 100 per cent instead of only seventy-five per cent in Canada?

Mr. HOWE: It happens to be seventy-five per cent. It is reciprocal. If my hon. friend is interested in the wording of the regulation, it reads as follows:

> No aircraft shall be registered in Canada unless (a) it is a civil aircraft owned by a British subject or subjects or by a company or corporation created or incorporated under and subject to the laws of any part of His Majesty's dominions, of which the president and two-thirds or more of the directors and other managing officers thereof are British subjects and in which at least seventy-five per centum of the voting interest is owned or controlled by British subjects, or unless (b) it is a civil aircraft owned by His Majesty in the right of Canada or any of the provinces of Canada or of any other of His Majesty's dominions.

Mr. GREEN: Is that point not very apt to come up after the war when the Americans are trying to expand their flying?

Mr. HOWE: The international agreement between Canada and the United States can be amended only by mutual consent, and it is not likely to be seriously amended. The approach from a United States corporation must be through the civil aeronautics board of the United States to the state department of the United States, then to the Department of External Affairs of Canada, and then the application would be in a position to be considered by the proper authorities in Canada, which in future will be the air transport board —if I ever succeed in passing this amendment.

Mr. GREEN: Would the minister answer my other question about Australia?

Mr. HOWE: The airway service that operates all externally, so far as I know, is the Quantus Airways which are owned jointly, I believe, by certain interests in Australia and by Overseas Airways. Quantus Airways is not, so far as I know, associated with any shipping company. In any event it is purely an air company, of which Overseas Airways, which is the chosen instrument of the Briitsh government, owns forty-nine per cent of the stock.

Mr. GREEN: There is no restriction in Australia against any transportation company engaging in the aircraft business.

Mr. HOWE: That may be so, but, so far as I know, no shipping company or railway company in Australia operates aircraft.

Some hon. member opposite mentioned the fact that there are internal air lines in Britain in which the railways have an interest. I think it is only an interest; whether a majority or minority interest I do not know. Furthermore, it is an association of railways rather than any one railway that has the investment. I am thinking of Scottish aviation. Civil aviation in England is not as extensive as it is in the maritime provinces; it is a very small operation. All aviation outside the British empire is operated by the chosen instrument of the government, which has no railway or shipping interest.

Mr. ADAMSON: One more question with regard to the Canadian Pacific Railway Company divesting themselves of any interest in air lines. Take an operation such as Consolidated Smelting. They would very likely want to establish an air line to service their outlying property, let us say, up in the Yellowknife district, to service their mine. Consolidated Smelting and Refining, I understand, is certainly affiliated with, if not controlled by the Canadian Pacific Railway Company. Would they be allowed under the regulations to operate an airway or not, irrespective of the fact that they happened to be primarily a mining operation? I foresee in the future a great number of operators who will be primarily engaged in one line, but who will wish to operate an air line on the side for their own and possibly for the public service as well.

Mr. HOWE: Any mining or other company can operate a service for the carrying of their own goods. There is no difficulty about that under the act, and there never has been; nor is there any difficulty under this bill. If, however, they wish to be common carriers and to accept carriage for hire they come under this bill. The question whether Consolidated Smelting and Refining is a railway operation could be looked into and a decision made when the question was raised. The provision is not a definite prohibition. It is a prohibition restricted in the public interest, and if it is in the public interest for Consolidated Smelters to operate an air line I have no doubt the permit will be issued.

There is nothing in the bill to make it impossible for the board so to recommend or for the minister so to act.

Mr. ADAMSON: I foresee the possibility of their operating a line for their own service and a community growing up, as there is now in the Yellowknife district, and the Consolidated company being asked to provide a service for the benefit of the remote community up there, so that they would become common carriers as well as a company carrier. That has happened in the past, and it is the sort of thing I foresee in the future.

Mr. HOWE: If the transport board should recommend such an operation in the public interest, there is nothing in the bill to make it impossible.

Mr. GREEN: They would have to get the permission of the governor in council.

Mr. HOWE: Certainly.

Amendment agreed to.

Section as amended agreed to.

On section 2—"Minister" defined.

Mr. GREEN: Why is this special provision made in this section:

> In this part, unless the context otherwise requires, "minister" means the Minister of Transport or such other minister as the governor in council may from time to time designate, except that in any matter relating to defence, "minister" means the Minister of National Defence for Air.

The Minister of Transport is not even here to-day and has not had anything whatever to do with this bill since it has been before the house. Why is that?

Mr. HOWE: Does my hon. friend want me to go over again the explanation I have made at least twelve times? If he is putting on a filibuster, let him say so.

Mr. GREEN: I should like to know why that provision is put in exactly in that way, "or such other minister as the governor in council may from time to time designate"? How long is it intended that this measure shall be administered by the Minister of Munitions and Supply rather than by the Minister of Transport?

Mr. HOWE: As long as the governor in council so decides.

Mr. GREEN: If that is the plan, why does it not so appear in the bill? Why does the bill not name the Minister of Munitions and Supply, and let the governor in council designate somebody else when the time comes? Why is the section worded in the way it is?

The ACTING CHAIRMAN (Mr. Golding): Shall the section carry?

Mr. GREEN: No; I want an answer.

Mr. HOWE: This act for many years was administered by the Minister of National Defence. For reasons connected with the war it is now administered by the Minister of Munitions and Supply. It is a temporary situation which I have explained to the committee many times, and I do not intend to explain it again to-night, much as I should like to cooperate with my hon. friend and not delay the passage of the bill.

Mr. GREEN: The minister must not think—

Some hon. MEMBERS: Order.

Mr. GREEN: I am rising to a point of order. The minister has no right to leave that inference, that I am not sincere in the questions I ask on this bill. I have meant everything I have said. I do not intend to delay the bill and he has no right to make such a statement. He flies off the handle nearly every time he is crossed in the house; he rarely fails to do so, but he has no right to make a statement of that type.

Mr. HOWE: My hon. friend is well aware that it is a matter of the transfer of duties. There is a statute of this parliament which permits the Prime Minister to transfer the duties of any minister to any other minister. Under that act he has a perfect right to allocate the administration of this act to any minister of his government, and this bill simply acknowledges that fact.

Mr. GREEN: Then why does it contain the words I have quoted?

The ACTING CHAIRMAN (Mr. Golding): Order. If the hon. member wishes to ask a question he must rise in his place.

Mr. GREEN: Well, I will rise. I want to know why these words are inserted in the section, "or such other minister as the governor in council may from time to time designate". If there is power to do it under the other act to which the minister has referred, why are these words inserted here?

Mr. MACKENZIE (Vancouver Centre): That is the phraseology used in all the bills that have been passed in the last two weeks. It is purely a matter of legal draftsmanship.

Mr. GREEN: Is it the intention that the Minister of Munitions and Supply shall administer this bill until the end of the war?

Mr. MACKENZIE (Vancouver Centre): Possibly that might be one implication of it.

Mr. GREEN: I am asking the Minister of Munitions and Supply whether that is the intention.

Mr. HOWE: Government policy will be made known in due course.

Mr. GREEN: I doubt it. It has not always been.

Mr. KNOWLES: I trust it is not necessary for me to dissociate myself from the suggestion that any attempt is being made to delay the passage of the bill. After all, it has been referred to by my hon. friends as having socialist possibilities, and I should like to see it get through. However, I would ask a question with reference to the last two lines of this clause. I agree that the wording there is desirable, "except that in any matter relating to defence, 'minister' means the Minister of National Defence for Air." There is a question in my mind arising out of something that was implanted there when the Minister of National Defence for Air made a statement several months ago. On the basis of what he said I put some questions on the order paper and they were answered on June 1, of this year, at page 3418 of *Hansard*. I asked about the operation by the Royal Canadian Air Force of air transport service for its own use or for any other purposes. There is a considerable amount of information given at the page I have indicated that I need not bother to read to the committee. My last question was as follows:

> Is it intended to continue the operation of such a service, in whole or in part, after the war?

The answer given by the Department of National Defence for Air to the question was:

> No present intention.

Does the minister know whether government policy is sufficiently straightened out on this point that there will not be any confusion as between whatever department operates this bill and the Department of National Defence for Air so far as civilian air transport services are concerned?

Mr. HOWE: There is no possibility of confusion. The Aeronautics Act which this bill is amending is a complete act in itself. This is an amendment to an exsting act. There are certain clauses in the Aeronautics Act which refer to responsibilities of the Department of National Defence: first, to cooperate with the officers of that department on all questions relating to the air defence of Canada; second, to cooperate with air staffs and authorities or other governments or countries for all purposes pertaining to air services. These are matters that come within the scope of the Department of National Defence, and in these matters the Minister of National Defence is naturally the minister under this act.

Mr. KNOWLES: But it will be only with respect to those matters?

Mr. HOWE: Yes.

Section agreed to.

Section 3 agreed to.

On section 4—Repeal.

Mr. GREEN: Are the sections and subsections that are repealed reenacted in full in the bill?

Mr. HOWE: They are reenacted in part III of this amendment.

Mr. GREEN: Have they been changed at all?

Mr. HOWE: There are some small changes, yes.

Section agreed to.

Section 5 agreed to.

Section 6—part II—new section 6 agreed to.

On section 6—part II—new section 7—Air transport board.

Mr. BOUCHER: We should consider the implications of this section before it carries. In effect this section sets up a board of three members with extensive powers, subject, of course, to the minister. This board will hold office during good behaviour for ten years, the first three members being appointed for periods of ten, nine and eight years. I think it is wise to give a considerable degree of permanency to the members of this board, but we are living in peculiar times. The boys who are and will be interested in civil aviation are now overseas. I should like to point out to the minister that this board should not be appointed for so long a time as this bill contemplates. We are going through a transition period. Our best skilled personnel, from the point of view of both transportation and management are now overseas. They are engaged in work that will qualify them better than any other individuals for this particular work. Events are taking place to-day which may change the whole aspect of civil transportation within the next few years. Because of that I think the minister should reconsider the length of time during which this first board will hold office. I realize that there may be difficulty in getting the right type

of men to act. I agree that they should be given time to grow into their jobs and that there should be considerable permanency in their appointments. But because of the abnormal conditions through which we are passing, and because air transportation is in its infancy and the men best skilled to do this work are serving overseas acquiring the knowledge that will fit them to do this work, we should leave the door open so that the personnel of this board may be composed of men who are otherwise engaged at the present time. I believe that we should not postpone it for ten, nine and eight years. Ten years is a long time in the life of an airman and the war veterans who will come back and who may have an opportunity to take these responsible jobs. We should keep every possible channel open for the men who have served in the air force during this war, men who have had experience in air transportation matters and in managerial positions. When they come back they should be given an opportunity of obtaining the very best jobs there are in civil transportation. I would urge the minister to cut down the period of ten, nine and eight years to at least five, four and three years in order to give those men that opportunity. I would go so far as to say three, two and one year, but that would be only a guess as to the length of the war. I am giving that as an illustration to exhort the minister not to appoint this board for as long a time as this bill contemplates. Might I have an opinion on this matter?

Mr. HOWE: Very careful consideration has been given to the problem. The term is the same as the term of the members of the board of transport commissioners. The purpose of the board is to build up a jurisprudence, and to obtain the assistance of experienced men in developing an air transport policy for Canada. It is the view of the government that this board should have permanency in order that it may be a permanent guide to an air transport policy for Canada. I can assure my hon. friend that men overseas with suitable experience will be fully considered, in fact are being fully considered for appointment to this board. The work requires a vast background of experience, and a highly developed technical training in order to give the type of service that we wish. These are not political jobs, not jobs to hand out because you like a person. They are jobs that require intensive training, and I can assure my hon. friend that in the making of the appointments the qualifications of those overseas will be very carefully examined.

[Mr. Boucher.]

Mr. BOUCHER: May I point out to the minister that I can see the reason for having the very best personnel possible free from political preference. I would not impugn a thing like that to a board of this kind. I trust it would not get down to that. The experience of the type of man we should like to have on this board has been expanding daily within the last month, and will go on during the war in the Pacific which may follow. If we appoint men with the experience of to-day, we shall be excluding men whose knowledge and experience are improving from day to day. If we appoint this board for ten, nine and eight years, it will exclude those young men who are to-day gaining experience from holding these jobs during the efficient period of their young lives. Our personnel may entirely change within the next two, three or four years, and we may find ourselves in a position where we are at least duty bound or morally bound, having appointed men to the board for ten, nine and eight years, to keep them there, although we may have others more fit and worthy and more capable of holding the appointments. We shall not be able to hold out to our boys who are acquiring experience to-day over the battlefields any hope of reaching this office. I think it is a mistake to make these appointments for such long periods of time at the very beginning. I appreciate the fact that once the board is established, once we change over to civil aviation instead of military aviation, the situation will be different, and then perhaps ten years will not be too long a term. I think, however, we should leave the door open for new appointments, after the board is first set up.

Mr. BLACK (Cumberland): I have not taken any part at all in this discussion, although there are many features I should like to have cleared up. I agree with the hon. member for Carleton that the initial appointments are for too long. It seems to me that eight, nine and ten years is too long to appoint these men, from the very first. I believe that it is always a good thing for a body of this kind to have new blood from time to time, or at least that those appointed in the first instance, having proved their worth and shown that they possessed the confidence of the country, might be reappointed. I feel very strongly that the members of this board should not be appointed for these long periods. I agree with the hon. member who has just spoken, that the initial appointments should be for three, four and five years, or even three, seven and ten years, so that new appointments or reappointments may be made in due course. I believe that would strengthen

the board and give it more confidence in its work. On its merits I believe that is a good suggestion.

Mr. HOWE: In order to stop the argument and get on with our work, I am willing to accept the last suggestion and make it four, seven and ten years.

Mr. BOUCHER: I should like to say a further word on that point. My principal thought was that we should leave the door open for the appointment of deserving and efficient men returning from the war. As we consider civil aviation in the future, whether or not it be as extensive as we may hope, it seems to me that we might even leave the way open to increasing the membership of the board in order that those who have done such valiant work in the field of military aviation may be able to hold the highest office we are able to give them here at home in the field of civil aviation, and so that we may be able to take advantage of the great experience that will be available when the war is over. That might be done later on; I offer it as a suggestion. I feel that in perhaps two years time men may return to Canada with greater experience than that possessed by those already appointed to the board, and we should be able to take advantage of that experience without having to come to parliament to amend the act.

Mr. BLACK (Cumberland): I appreciate the willingness of the minister to accept my suggestion, but I would suggest that the first appointment be for a shorter term, say—

Mr. HOWE: I accepted my hon. friend's first proposal; now is this to start all over again? If you are going to change your position I may have to change mine.

The ACTING CHAIRMAN (Mr. Golding): I wonder if the minister will advise the Chair what change he is accepting.

Mr. HOWE: Yes, Mr. Chairman; I shall have the amendment written out.

Mr. GREEN: Before the amendment is moved I should like to know on what basis the members of the board are to be appointed. Is there to be any attempt to have representation from the different areas of Canada?

Mr. HOWE: No.

Mr. GREEN: Earlier in the evening I read a telegram from the Vancouver board of trade asking that one representative be appointed from the Pacific area. If that should be done, I presume there would have to be one from the prairies, one from Ontario, one from Quebec and one from the maritimes.

Mr. HOWE: That would mean a larger board.

Mr. GREEN: After all, the problems in the various parts of Canada are quite different. I know on the Pacific coast we feel that we do not always get the proper treatment from a board on which there is not a representative who understands our situation, and I have no doubt the same thing applies to the maritimes. I believe the board of transport commissioners is set up on the basis I have suggested, with representation from the different parts of Canada, so that I would ask if it would not be possible to have some similar arrangement made in regard to this board.

Mr. HOWE: I would point out that the board is only advisory, and I should think the government would have representation from British Columbia. It is certain that will be the case if this government is returned, although if my hon. friends should happen to be the government I think it would be very doubtful. In any event the final decision is made by the government, which is in a position to see that no sectional injustice is committed.

Mr. GREEN: The minister himself is responsible for the fact that we are in this position, because one minute he says it is an advisory board and the next minute he says it is a judicial board. Apparently it is really an advisory board.

Mr. HOWE: It is an advisory board in executive matters and a judicial board in matters of law. Surely the law does not change very much as between the west and the east.

Mr. GREEN: Well, even on an advisory board there should be representatives from different parts of Canada.

Mr. HOWE: My hon. friend is thinking now of an advisory council, is he not?

Mr. GREEN: No. These three men should not all be from Ottawa, for instance. It would be absolutely wrong to set up the board on that basis. It should be composed of men who understand the problems of the different parts of Canada. Is it not the intention to make some attempt to get men from different parts of Canada?

Mr. HOWE: We are going to get men of very broad experience and wide knowledge of Canada.

Mr. GREEN: There is another point in regard to the sittings of the board. Is this board to hold sittings in different parts of Canada, or is it to be in Ottawa all the time?

The board of transport commissioners sits in the various provinces, and that is very beneficial; it makes it so much easier for us to present our cases; for municipalities and other bodies to make their representations. Is this board to do anything like that; or is it to be merely an advisory board sitting here in Ottawa?

The ACTING CHAIRMAN (Mr. Golding): I wonder if the minister will advise the chair now as to what is to be the amendment?

Mr. HOWE: I will ask my colleague to move that new section 7, subsection (2), be amended by striking out the words "ten, nine and eight" in line 24 and substituting therefor the words "ten, seven and four."

Mr. MACKENZIE (Vancouver Centre): I move accordingly.

Mr. HAZEN: All you have to do is replace the words "nine and eight"; you do not need to strike out the word "ten" and put the same word back in.

Mr. BOUCHER: I appreciate the minister's willingness to accept our suggestion, but I do not think the change is quite good enough yet. After all is said and done, this will mean only one new appointment. I should think it would be much better to say five, four and three years, because it may be three years before this board becomes really efficient.

Mr. HOWE: I accepted the proposal from the Progressive Conservative party, the only definite proposal given. I suggest that you might hold a caucus over there and see what you really want.

Mr. BOUCHER: It was not the only definite proposal made, if I may disagree with the minister, because I mentioned five, four and three before the hon. member for Cumberland spoke. Let us be fair about it.

Mr. HOWE: I accepted the more mature udgment.

Mr. BOUCHER: The minister accepted the ast proposal made, because I had made two before the hon. member for Cumberland made the third. We might as well be fair and square about this, and not talk about a caucus.

An hon. MEMBER: What is wrong with the suggestion of the hon. member for Cumberland?

Mr. BOUCHER: My suggestion and my argument were to the effect that the period should be reduced considerably for the first term, in order to let the soldier who has been doing his part, have an opportunity to serve.

[Mr. Green.]

He may be incapacitated to some extent, but might make an admirable appointee to the position. I appreciate that the reduction made in the amendment is a start. But let us give it due consideration, and not pass it hurriedly by accepting a suggestion quickly. Let us go all the way so that the soldier may do his part in a practical way.

Mr. GREEN: The minister did not answer my question with respect to sittings of the board.

Mr. HOWE: Surely we must give the board jurisdiction to set up its programme. I am not a member of the board, nor do I ever expect to be. But I would expect that it would attend the ordinary functions as followed by boards of this kind, and would hold hearings in various parts of Canada. We find that section 9 states:

> Subject to the directions of the minister, the board shall from time to time make investigations and surveys relating to the operation and development of commercial air services in Canada and relating to such other matters in connection with civil aviation as the minister may direct.

Mr. GREEN: The intention is that there shall be sittings?

Mr. HOWE: Yes.

Amendment agreed to.

Mr. HAZEN: I should like to say a word with respect to subsection 7 of section 7. The marginal note reads: "Independence of members of the board." I do not think the section is worded so that it makes for complete independence of board members. It states:

> No member of the board shall either directly or indirectly engage in manufacturing or selling aircraft or in the transport of goods or passengers by aircraft for hire or reward—

I find no fault with that wording. Then it continues:

> —and no member of the board shall be a shareholder, member, director or partner of any company, association or firm engaged in manufacturing or selling aircraft or in the transport of goods or passengers by aircraft for hire or reward.

I do not object to that either, so far as it goes; but it seems to me there should be some additional wording inserted in that subsection. I say it should state that no member of the board shall either directly or indirectly sell any goods or hire any property or render any service to the board for reward. As the section now reads, a member of the board could sell material to that board, or he could hire out articles or property to it.

Or, if he were an engineer or a lawyer, he might render services and send in a bill. I do not think that should be permitted, and in my view the section should be amended by covering the point I have raised.

Mr. HOWE: It would be just as reasonable to suggest that no member of the board of transport commissioners should sell materials to the railways. I do not think there is any such provision in the Transport Act.

Mr. HAZEN: I do not know what it says.

Mr. HOWE: This is a full-time, long-term job in the public service. I would say that the regulations in respect of the public service would apply to these men. It would be drastic to cover every improper act, and to specify it in this measure.

Mr. HAZEN: Then why put in anything? Why say that no member of the board shall either indirectly or directly engage in manufacturing or selling aircraft? Why not leave that out?

Mr. HOWE: That has been borrowed from the other act.

Mr. HAZEN: If they are to be absolutely independent, as they should be, then I say they should be prohibited from carrying on any business dealings of any kind; and the section does not so provide.

Mr. HOWE: These men are full-time employees of the government. They are not supposed to have any other business. I think, if we were to write in this measure everything a man could not properly do when serving His Majesty on a full-time job, we would have a most voluminous piece of legislation. What a man can or cannot do is well understood.

Mr. HAZEN: Only a few words would be required to make the necessary correction. Why write in anything?

Mr. HOWE: It was very carefully drafted by the Department of Justice, and I think it is all right.

Mr. HAZEN: Then, why put in anything?

Mr. BOUCHER: The minister surely appreciates that this section is passed as a means of preventing a man from bringing in some other financial interest, to mix with his judicial and executive capacity as a member of the board. An integral part of such a position would be that he shall not sell or hire or take advantage of his position. What has been said has not been directed toward his qualifications.

I think the hon. member has struck the nail on the head. The section beats around the bush. The very substance of the matter is to prevent a person from using his previous employment for personal advantage, to the detriment of the board of which he may be a member. This section should be worded to cover a condition of that kind. I think there is a very strong reason why the motive of the section should be made more clear. There should be a prohibition against the commercial use of a man's earlier obligations and entanglements. The minister would be wise to take this matter into consideration and have the section amended in a proper way, instead of circling around it.

Mr. HAZEN: As I see it, we might use the words, "No member of the board shall sell any goods, or hire out any property, or render any service to the board for reward; and no member of the board shall be a shareholder, member, director or partner of any company, association or firm selling any goods or hiring out any property or giving any service to the board for reward."

Mr. HOWE: The board is not in business; it buys nothing and sells nothing. It is advisory to the minister. It seems perfectly nonsensical that such a provision should be inserted, when the only thing a member could sell would probably be pencils and stationery—and even those come from the king's printer. We should not be absurd about this.

Mr. GREEN: What salaries are to be paid to members of the board?

Mr. HOWE: The measure says they will be fixed by order in council.

Mr. GREEN: Can the minister give any idea of the salaries?

Mr. HOWE: That has not been considered.

Mr. GREEN: The minister has not answered my question with regard to an air route from Canada to Australia and New Zealand. Can he give us any further information on that?

Mr. HOWE: It is being considered.

Mr. GREEN: There is no further announcement to be made.

Mr. HOWE: No.

Section as amended agreed to.

Section 6—part II—new section 8 agreed to.

On section 6—part II—new section 9—Investigation and surveys.

Mr. GREEN: I should imagine that in connection with investigation and surveys assistance by way of technical help and

engineers would be required. Can the minister say what plans he has in mind in that connection?

Mr. HOWE: The air services branch of the Department of Transport has highly trained technicians who could assist the board, and doubtless the board will be able to obtain any technical assistance it needs from within the department.

Mr. GREEN: Is the board not to have technical assistance of its own?

Mr. HOWE: If necessary, but it is not believed it will be necessary. The board is more a planning board. If technical work is to be done, the resources of the department will be at hand.

Mr. GREEN: It is not intended to have experts working directly under the board?

Mr. HOWE: It is possible, but not probable.

Section agreed to.

Section 6—part II—new section 10 agreed to.

On section 6—part II—new section 11—Regulations.

Mr. HOWE: I am suggesting that this section be amended by inserting the following as paragraph (i) after paragraph (h):

Prescribe maximum hours and other working conditions for pilots and co-pilots employed by any air carrier.

The remaining paragraphs will be relettered (j), (k) and (l).

Mr. MACKENZIE (Vancouver Centre): I move accordingly.

Mr. KNOWLES: The amendment seems to be one that will be particularly welcome. There does not seem to be much chance of this bill being completed to-night, and I wonder if the minister would allow this to stand as a notice so that it may be dealt with the next time the bill is in committee.

Mr. HOWE: I was hopeful that the bill would pass, because unfortunately I must be away on business next week. It is a simple amendment I am proposing, which permits the board to make specific regulations to deal with working hours for pilots and co-pilots.

Mr. KNOWLES: I am with the minister in his desire to get this bill through, but there might be employees other than pilots and co-pilots to be considered. What about groundcrews and other employees?

Mr. HOWE: Those are subject to the Department of Labour. Piloting is more a profession than a craft, although there is a pilots' association.

[Mr. Green.]

Mr. MACKENZIE (Vancouver Centre): It is a question of safety.

Mr. HOWE: There are security matters to be considered. The other employees of an air company would ordinarily have a union agreement. In fact such employees have union agreements with the management already.

Mr. GREEN: This section brings up many different points. Even if it were carried before eleven o'clock there is no possible chance that section 12 would be carried to-night. I suggest that the section be left over in order that we may consider this change in section 11.

Mr. KNOWLES: While this amendment is being considered, I should like to call the minister's attention to another matter. This section sets out the specific types of regulations which the board may make. In looking through the Railway Act, I find that sections 316 to 347 set out the specific powers of the board of transport commissioners to prohibit discriminatory practices so far as rates and other matters are concerned. The sections in the Railway Act are quite specific. A company cannot give undue preference or discriminate against customers, nor can it do anything that is prejudicial. There is a great list of things that the railway companies must not do in the way of discriminatory practices. The question of the control of free transportation is referred to in the act. In fact, it is here that I find that members of parliament are accorded passes on the railways. I am not stressing the point, but it may be that some of us may hope to get the odd trip on the T.C.A. I am asking the minister if it would not be desirable to grant some power to this board so that it may prevent discriminatory or unfair practices on the part of the air lines.

Mr. HOWE: It is the intention that a provision of that type will be included in the regulations. The purpose of the amendment to the act is to permit the aeronautics board to build up its own jurisprudence, just as the board of transport commissioners has built up jurisprudence over the years. In 1938 we attempted to apply the regulations that had been built up for the railroads to transport by air, and we arrived at some absurd situations. I could mention several that were quite proper under railroad operation, but which did not apply to air. Purposely we have not attempted to tie the hands of the board, but rather we have intended to give the board the power to make provisions applicable to the air.

Mr. KNOWLES: I think I sense what the minister is saying, but I would call his attention to the fact that the Railway Act contains specific provisions.

Mr. HOWE: We could write in the regulation about passes, but that does not apply to transport by air. You simply cannot carry free passengers by air.

Mr. KNOWLES: Could you not have a short clause which would give the board power to make regulations of that kind, or is there a clause hidden in the bill which I have not seen?

Mr. HOWE: My hon. friend will notice that paragraph (k) provides that the board may make regulations providing for the effective carrying out of the provisions of this part. That is an omnibus clause that allows the board to pass anything it likes.

Progress reported.

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

Monday, July 10, 1944

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SIXTH VICTORY LOAN

Mr. HANSELL:

1. What was the total amount subscribed to the sixth victory loan?
2. What was the total amount subscribed by each province?
3. What was the total number of subscribers, and what was the amount subscribed by those on the special names' list?
4. What was the total number and total amount subscribed by others?
5. What was the total cost of handling and servicing the loan, (a) commissions; (b) other payments to individuals for services rendered; (c) printing; (d) newspaper and periodical advertising; (e) radio advertising, and (f) other expenses?

Mr. ILSLEY:

1. $1,407,576,650.

2.

Prince Edward Island	$ 3,394,700
Nova Scotia	40,401,900
New Brunswick	30,624,050
Quebec	403,935,450
Ontario	647,376,550
Manitoba	73,748,550
Saskatchewan	37,977,600
Alberta	46,651,500
British Columbia	107,475,550
Newfoundland	2,607,250
Overseas	13,383,550
Total	$1,407,576,650

The above figures are based upon point of origin of applications.

3. Total number of subscriptions, 3,077,123. Total amount subscribed by those on the special names' list, $763,885,950.

4. Total amount subscribed by general canvass and payroll savings canvass, $643,690,700.

5. The total cost of the sixth victory loan will not be known until all amounts have been received. As at May 31, 1944, expenses charged to sixth victory loan aggregate $3,829,927.82, divided as follows:— (a) commissions, $286,-090.75; (b) salaries and living and travelling expenses, $873,754.14; (c) printing and stationery, $39,190.60; (d) publicity and advertising excluding radio advertising, $501,565.86; (e) radio advertising, $15,975.70; (f) other expenses, $2,113,350.77. Total, $3,829,927.82.

GOLD RESERVES

Mr. HANSELL:

1. Are any gold reserves held by the chartered banks of Canada as backing for their currency?
2. Are any gold reserves held by the Bank of Canada as backing for its currency?
3. Have the gold reserves been transferred to the foreign exchange control board? If so, when?
4. Is this gold held at the present time by the foreign exchange control board?
5. If gold reserves are held by the foreign exchange control board, what connection with or control does the Bank of Canada have over it?
6. If gold reserves are held by the foreign exchange control board, what connection with or control does the federal government have over it?
7. Who is the actual owner of this gold?

Mr. ILSLEY:

1. No.
2. No.
3. Yes, May 1, 1940.
4. Section 10(1) of the Exchange Fund Act, chapter 60 of the statutes of Canada, 1935, provides—

"No person employed in the service of His Majesty or of the Bank of Canada shall communciate or allow to be communicated to any person not legally entitled thereto under the provisions of this act or by direction of the minister, any information with respect to the operation of the said special account, or allow any such person to inspect or have access to any written statement with respect to the said account."

5. The Bank of Canada was appointed technical adviser to the foreign exchange control board under the foreign exchange control order.

and by agreement with the board is authorized to act as agent or banker for the board and to deal in foreign exchange and otherwise assist or act on behalf of the board. (Section 4(1) of the foreign exchange control order). The governor of the Bank of Canada is chairman of the foreign exchange control board.

6. The foreign exchange control board is a government agency operating under the supervision of the Minister of Finance, subject to the provisions of section 5 of the Exchange Fund Act, and unless otherwise ordered by the Minister of Finance in writing, all moneys in the special account referred to in section 4 of the said act, and investments of such moneys, shall be at the disposal of the board and may be used or dealt with by the board as the board may deem necessary, or as the Minister of Finance may direct, for the purposes of the Exchange Fund Act or the foreign exchange control order, including the payment of any expenses or losses of the board and the acquisition or disposition of foreign exchange, and all receipts or profits of the board shall be placed in the said special account. (Section 5(2) of the foreign exchange control order).

7. The government of Canada.

MOBILIZATION ACT—DISCHARGES

Mr. DIEFENBAKER:

1. How many men following enrolment under the National Resources Mobilization Act were discharged in each of the months of April, May and June, 1944?

2. Of these, how many were discharged, (a) on physical grounds, and (b) for compassionate reasons?

Mr. MACDONALD (Halifax):

1. April—according to documents received at the records office up to July 5, 1944—1,125; May—according to documents received at the records office up to July 5, 1944—1,003; June—estimated—1,000.

2. April—of the 1,125 men discharged, 712 were discharged medically unfit and 24 on compassionate grounds; May—of the 1,003 men discharged, 651 were discharged medically unfit and 17 on compassionate grounds; June—of the estimated number of 1,000 men discharged, it is estimated that 650 were discharged medically unfit and 15 on compassionate grounds.

Note: Figures for the month of June have been estimated to allow for the proportion of documents pertaining to that month still outstanding at July 5, 1944.

The figures given above relate to all men enrolled under the National Resources Mobilization Act since the act came into operation; but do not include discharges of men enrolled who subsequently enlisted for general service in the army.

SUBSIDIES TO BEDDING INDUSTRY

Mr. KNOWLES:

1. What percentage of claims for subsidy payments made upon the Commodity Prices Stabilization Corporation, by the bedding industry, have been investigated by said corporation?

2. With reference to the investigated claims referred to in question 1, what is the total amount of money claimed or paid to date, and what is the total amount of money recovered by the corporation on account of such subsidies?

3. From how many firms in the bedding industry have recoveries been made by the corporation on a compulsory basis?

4. Has the Commodity Prices Stabilization Corporation laid charges against any bedding manufacturers, or is the laying of any such charges contemplated? If so, in how many cases?

Mr. ILSLEY:

1. Of the total claims paid or withdrawn approximately 97 per cent have been investigated.

2. Total investigated claims to June 21, 1944, $1,031,452.39.

Claims disallowed or reclaimed	$301,278.45
Claims voluntarily refunded..	131,664.54
Claims withdrawn prior to payment	285,309.50
	$718,252.49

3. Claims have been disallowed or payments made have been reclaimed wholly or in part by the corporation in the case of 45 firms. Such adjustments were required for various reasons. For example, it may have been found, no investigation, that accounting or arithmetical errors were made in reckoning subsidy; or that the costing principles used by the applicant were not approved by the corporation; or that the goods in question were used in the manufacture of goods for export or for sale to the Department of Munitions and Supply; or that there were infractions of the maximum prices regulations in connection with the goods on which subsidy was claimed; or that degradation of quality of finished goods has occurred, with the result that current costs were not properly comparable with basic costs used in calculating subsidy.

4. The corporation has not laid charges against any bedding manufacturers. The laying of such charges is contemplated in two cases.

WARTIME OILS LIMITED

Mr. MacNICOL:

1. How much money has been spent by Wartime Oils Ltd. in exploring for oil?
2. How much was so spent in Turner valley?
3. How much was spent elsewhere?
4. Where were funds spent other than in Turner valley?
5. Does government policy prohibit activity in the province of Saskatchewan by Wartime Oils?
6. How many wells have been drilled by Wartime Oils Ltd. in each location, (a) producers, and (b) non-producers, and what is the productive capacity of each producing well?

Mr. MICHAUD:

1. Wartime Oils Limited is not engaged in exploring or drilling for oil. It is a company formed for the purpose of financing the drilling of wells in the marginal area of Turner valley. Each applicant for financing is required to submit two sites which are grouped together and the production from either or both of these wells is made available for repayment to Wartime Oils Limited for any sums advanced to the applicant for drilling. As of June 30, the sum of $2,615,325.12 had been so advanced.

2. $2,615,325.12.

3. Nil.

4. See answer to question 3.

5. Yes. See also answers to questions 1 and 2.

6. As of June 30, twelve wells have been completed, with the following results:

Completed Wells

		Allowable production	Remarks
Anglo No. 10	Producing	75 barrels	Producing about 30 barrels.
Anglo No. 12	Producing	100 barrels	Producing about 100 barrels.
Calmont 1A	Producing	300 barrels	Producing about 225 barrels.
Chinook No. 1	Producing	75 barrels	Producing about 60 barrels.
Lion-Sunray No. 3	Producing	80 barrels	Producing about 60 barrels.
Okalta No. 12	Producing	50 barrels	Producing about 85 barrels.
Okalta No. 13	Producing	50 barrels	Producing about 25 barrels.
Okalta No. 14	Producing	30 barrels	Producing about 25 barrels.
Okalta No. 15	Producing	100 barrels	Producing about 70 barrels.
Okalta No. 21	Producing	.....	Acidizing and testing.
Pacific No. 6	Producing	300 barrels	New equipment has been installed and oil is being produced intermittently as adjustments are being made in the production equipment. Appears to be capable of over 200 barrels per day when adjustments are completed.
Valley No. 1	Producing	50 barrels	Producing about 40 barrels.

As of the same date there were ten wells drilling at depths as shown hereunder. There have been no non-productive wells drilled to date.

Name of Company and Well	Ls.	Sec.	Tp.	Range	Depth, June 30/44	Remarks
Anglo Canadian No. 13	6	25	19	3	7,106 feet	
Anglo Canadian No. 14	12	25	19	3	5,502 feet	
Calmont No. 2A	16	35	19	3	610 feet	Spudded June 26/44
Chinook No. 2	9	26	19	3	7,896 feet	
Okalta No. 16	15	35	19	3	5,010 feet	
Okalta No. 17	9	24	19	3	5,473 feet	
Okalta No. 19	14	18	19	2	4,517 feet	
Okalta No. 20	13	24	19	3	7,760 feet	
Pacific No. 7	11	25	19	3	6,145 feet	
Valley No. 2	3	36	19	3	2,650 feet	

POWELL RIVER, B.C., DOCK AND WHARF FACILITIES

Mr. McGREGOR:

1. Did the government of Canada enter into an agreement with the Powell River Company of Powell River, B.C., in the year 1910, providing for the right of access by the general public to the docks or wharves situated at Powell River?

2. Is there a government wharf at Powell River at the terminus of the government road?

3. Has the government been in negotiation with the Powell River Company for the disposal of the government wharf to the said Powell River Company?

4. Has a new agreement been made or an understanding arrived at by which the agreement of 1910 is to be abrogated and the public use of the wharf previously owned by the government to be cancelled?

5. Has the government received any representations from any organizations or persons in Powell River protesting against the cancellation of the old agreement?

Mr. FOURNIER (Hull):

1. Yes.

2. Yes.

3. The government wharf has been sold to the Powell River Company, Limited, for $50,000 as a result of a long series of negotiations, wherein the company have shown that they have a post-war expansion programme, which incorporates the material enlargement of their industrial establishment at Powell River in the amount of $13,000,000. To carry out this post-war programme, the area on which the government wharf is located will be required as a site for the various buildings and facilities included in the above development. Certain parts of this development are to be undertaken immediately and work has already started on the necessary dredging in the vicinity of the wharf.

4. Yes, subject to the condition that the company shall give proper accommodation at its own wharf to the present traffic at Powell River, until suitable wharfage facilities have been provided by the department at Westview.

5. No.

ALASKA HIGHWAY—REPORT AS TO DESTRUCTION OR ABANDONMENT OF STORES

Mr. COLDWELL:

1. Has the government any knowledge of the destruction or abandonment of stores, such as blankets, furnaces, office furniture or other items, in the Alaska highway area?

2. Has the government received any offers in connection with any such stores from the government of the United States, or any agency thereof?

[Mr. Michaud.]

3. If any such offers were received, what were the terms and conditions thereof?

4. If the government has not received any such reports, would it undertake to make an investigation?

Mr. MACKENZIE KING:

1. No.

2. No.

3. See reply to 2.

4. Since notice of the question was given, enquiries have been made through the special commissioner for defence projects in northwest Canada (Major-General W. W. Foster). The special commissioner has informed the government that investigations do not reveal that usable stores and equipment are being destroyed or abandoned as reported.

NATIONAL FILM BOARD—HARRY MAYEROVITCH

Mr. DORION:

1. Is Mr. Harry Mayerovitch in the employ of the national film board?

2. If so, (a) since when; (b) what is his occupation; (c) what is his remuneration; (d) what were his former occupations; (e) what is his racial origin; (f) is he a British subject by naturalization or by birth?

Mr. LaFLECHE:

1. Yes.

2.(a) Since April 12, 1943. (b) Art Director, Graphics division. (c) $350 a month. (d) Practised his profession of architecture and painting. (e) and (f) Canadian born of Jewish descent.

*INDIANS—MILITARY SERVICE

Mr. DORION:

Following the interview given by the Honourable the Minister of Mines and Resources to a delegation of Indians at Ottawa on June 7, 1944, has a decision been arrived at by the government concerning the call to military service of young Indians and taxation on the income of Indians?

Mr. CRERAR: No decision has yet been reached. The matter is still under consideration by the government.

SHERBROOKE INTERNMENT CAMP—LIEUT.-COLONEL GRAHAM

Mr. POULIOT:

1. Has Lieutenant-Colonel Graham, now in command of the Sherbrooke internment camp, ever been on service at Barriefield?

2. If so, between what dates?

Mr. MACDONALD (Halifax):

1. No.

2. Answered by No. 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

LABOUR CONDITIONS—WAGE RATES, ETC., NAVAL SHIPBUILDING YARDS

Mr. BLACK (Cumberland):

1. What are the basic hourly wage rates, bonuses, overtime and living allowances being paid for the different classes of trades at the following naval shipbuilding yards in Nova Scotia: John LeBlanc, Weymouth, N.S.; Clare Shipbuilding Company, Meteghan, N.S.; Brookfield Construction Company, Mahone Bay, N.S.?

2. From what dates have these rates been in effect?

3. Have the labour organizations or representatives of the workmen at any of these shipyards been negotiating for a schedule of rates and, if so, from what date?

4. Are there any delays in decision and, if so, when is it expected it will be made?

Mr. MITCHELL: Return tabled.

EXTERNAL AFFAIRS—PERSONNEL IN OTTAWA AND ABROAD

Mr. KNOWLES:

1. What is the total number of, (a) men, and (b) women employed by the Department of External Affairs in each of Canada's representations abroad?

2. With reference to the totals given in answer to question 1, (a) how many were born in Canada; (b) how many were born in other countries; (c) what countries, and how many in each; (d) how many received all of their education in Canada; (e) how many received part or all of their education in other countries; (f) what countries; and how many in each; (g) how many are able to use the Spanish language?

3. What is the total number of, (a) men, and (b) women employed by the Department of External Affairs, at Ottawa?

4. With reference to the totals given in answer to question 3, (a) how many were born in Canada; (b) how many were born in other countries; (c) what countries, and how many in each; (d) how many received all of their education in Canada; (e) how many received part or all of their education in other countries; (f) what countries; and how many in each; (g) how many are able to use the Spanish language?

NATIONAL DEFENCE—J. E. FRASER

Mr. BLACK (Cumberland):

1. Does Mr. J. E. Fraser of Sherbrooke, N.S., hold a position as commanding officer or other position with the reserve army or military organization at St. Mary's municipality?

2. If so, what has been his remuneration and expenses to date?

3. Is he employed as mail carrier between Sherbrooke and Sheet Harbour or other points?

4. If so, how long has he been so employed, when does his contract terminate and what is he paid per year?

CANADIAN ARMY—RESERVE

Mr. GILLIS:

1. What is the total number of personnel in each rank senior to that of corporal, now in the reserve army, who are of military age?

2. Of the numbers indicated in the answer to question 1, how many joined the reserve army, (a) prior to September 1, 1939; (b) between September 1, 1939 and September 1, 1940; (c) since September 1, 1940?

QUEBEC INDUSTRIAL MOBILIZATION SURVEY COMMITTEE

Mr. POULIOT:

1. On what date was the industrial mobilization survey committee for the district of Quebec created?

2. With the exception of Peter Bartleman, who are the members of said committee, and what is the technical experience of each?

3. Upon whose recommendation, by whom, and on what date was each one of the present members of such survey committee appointed?

4. What are the age and military record of each member of such committee?

Mr. POULIOT:

1. Does Mr. Peter Bartleman represent the Department of Munitions and Supply on the industrial mobilization survey committee for the district of Quebec? If so, where and when was he born?

2. If not born in Canada, when did he arrive in this country?

3. What is his military record?

4. What was his experience in industry, and in what capacity, at the time of his appointment to such committee?

5. On what date was he appointed to such committee?

Mr. POULIOT:

1. Are there any members of industrial mobilization survey committees outside the military district of Quebec?

2. If so, in what districts, who are the members thereof and their duties, and on what date was each one appointed?

MOTIONS FOR PAPERS

FLAX PROCESSING—W. R. CARPENTER (CANADA) LIMITED

Mr. HOMUTH:

For a copy of all letters, telegrams, correspondence and other documents passing between the dominion government, and/or any agency thereof, and the W. R. Carpenter (Canada) Limited, and/or any other company or individual, with respect to the construction by W. R. Carpenter (Canada) Limited of a flax processing plant at Hamilton, Ontario.

FLAX PROCESSING—VICTORY MILLS LIMITED

Mr. HOMUTH:

For a copy of all letters, telegrams, correspondence and other documents passing between the dominion government, and/or any agency thereof, and the Victory Mills Limited of

Toronto, Ontario, and/or any other company or individual, with respect to the construction by Victory Mills Limited of a flax processing plant at Toronto, Ontario.

FLAX PROCESSING—PRAIRIE VEGETABLE OILS LIMITED

Mr. HOMUTH:

For a copy of all letters, telegrams, correspondence and other documents passing between the dominion government and/or any agency thereof, and Prairie Vegetable Oils Limited of Moose Jaw, Saskatchewan, and/or any other company or individual, with respect to the construction by Prairie Vegetable Oils Limited of a flax processing plant at Moose Jaw, Saskatchewan.

FLAX PROCESSING—REDBERRY FOOD PRODUCTS LIMITED

Mr. HOMUTH:

For a copy of all letters, telegrams, correspondence and other documents passing between the dominion government, and/or any agency thereof, and Redberry Food Products Limited of Saskatoon, Saskatchewan, and/or any other company or individual, with respect to the construction of a flax processing plant at Saskatoon, Saskatchewan.

INDUSTRIAL MOBILIZATION SURVEY COMMITTEES—ORDERS IN COUNCIL

Mr. POULIOT:

For a copy of all orders in council establishing industrial mobilization survey committees.

INDUSTRIAL MOBILIZATION SURVEY COMMITTEES—PROCEDURE IN APPLICATIONS FOR POSTPONEMENT, ETC.

Mr. POULIOT:

For a copy of the instructions given to the industrial mobilization survey committees concerning the procedure to be followed in the case of applications made by draftees for postponement of their military training, and by soldiers for leave or extension of military leave.

FRANCE

AGREEMENT WITH FRENCH COMMITTEE OF NATIONAL LIBERATION—VISIT OF GENERAL DE GAULLE

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Reports indicate that a draft agreement between the United Kingdom and the French Committee of National Liberation relating to the administration of liberated areas of France is now under consideration, and that in view of the joint nature of the operations such an agreement will require the adherence of the United States to become effective. Will the Prime Minister inform the house whether the Canadian government is being kept fully advised in the matter, and if Canada will be a party to the agreement? Will this matter be one of the subjects of the conversation between the Prime Minister and General Charles de Gaulle on his visit to Ottawa?

Right Hon. W. L. MACKENZIE KING (Prime Minister): In reply to my hon. friend I would say that the government has been kept informed of the conversations that have taken place with respect to the matter to which he has just referred; but it is not expected that Canada will necessarily become a party to any projected agreement.

As hon. members are aware, General de Gaulle will be here to-morrow. I expect to have an opportunity to discuss with him many matters of mutual interest and concern to France and Canada. The subject to which my hon. friend has referred may be one of the questions to be taken up at that time.

While I am speaking of General de Gaulle I may mention that the general is expected to arrive in the city by plane in the morning. Arrangements have been made for a welcome to be extended to him on parliament hill at a quarter after twelve. Seats will be provided for members of parliament in front of the peace tower where General de Gaulle will speak. The General will be the guest of His Excellency the Governor General and Princess Alice at Government house during his stay in the city. The government will give a dinner in honour of General de Gaulle in the evening and on the following day he will be leaving early in the morning for brief visits to Montreal and Quebec. That is the extent of the programme for General de Gaulle's visit to Canada that I am able to give at the moment.

CANADIAN FORCES

QUEBEC ELECTION—INQUIRY AS TO DISFRANCHISING OF PERSONNEL OUTSIDE THE PROVINCE

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Have any of the three defence ministers, on behalf of the armed forces from the province of Quebec, made protests or representations against the decision of the premier and the government of the province of Quebec which appears to disfranchise at the forthcoming provincial election those in the armed forces overseas or stationed elsewhere than in that province?

Hon. J. L. RALSTON (Minister of National Defence): Speaking for myself, I have not made any representation.

Hon. ANGUS L. MACDONALD (Minister of National Defence for Naval Services): I have not seen the statement in question; therefore I cannot give any answer to my hon. friend at the moment.

Mr. GRAYDON: I should like to urge upon the ministers the necessity of their doing something on behalf of the men who are in the navy, the army and the air force. I ask this question because the three ministers are the spokesmen of the men in the services, and it does appear as though no one but a sailor, soldier or airman who happens to be in the province of Quebec when the election takes place will have the opportunity of exercising his franchise. So far as I know this is the first provincial election in which this situation has arisen.

DISTURBANCES AT PETAWAWA CAMP

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Has any investigation been made as to reports of recent disturbances at Petawawa camp, and if so, will the Minister of National Defence inform the house as to the cause and nature of the disturbances and the steps which are being taken to ensure that there will be no recurrence?

Hon. J. L. RALSTON (Minister of National Defence): I have had telephone inquiries made, and the information which I have with regard to one training centre—there are two—is that at this centre, presided over by Colonel Johnston, the only disturbance in recent days took place two weeks ago in the neighbourhood of the canteen, when two general servicemen got into an altercation with regard to a speech which has had a good deal of publicity in the newspapers. The soldiers were separated before a fight actually took place. The officer commanding the training centre also says positively this is the only disturbance that he knows of in this camp or in his training centre for a considerable time past.

The other training centre is A-2. I have not the name of the commanding officer. An incident occurred there about two months ago in which there was a rumour that there was a fight between a N.R.M.A. soldier and a general serviceman. Inquiry was made and it was found out that altercation did start in the canteen, but it was immediately stopped and there was no further disturbance. There were only two men involved in each case.

Inquiry from the chief of police of Pembroke shows that there has been no fighting by soldiers in the town of Pembroke for the last three months. The troops have been well-behaved. Brigadier Thackeray, who is in command of Petawawa camp, states that there was no necessity to use a fire hose, as reported in the newspapers, to quell a disturbance because there have been no disturbances.

ACCIDENT AT MOUNT ST. BRUNO RANGES ON JULY 6

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Oppostion): Will the Minister of National Defence give the house such information as he has with respect to the serious military accident which took place at the Mount St. Bruno ranges on July 6, when the premature explosion of a bomb inside a mortar in the course of a training session is reported to have claimed the lives of some nine soldiers and sent many others to the hospital in a serious condition?

Hon. J. L. RALSTON (Minister of National Defence): I am afraid I have not any information at my disposal at the moment which has not appeared in the press. As a matter of fact a court of inquiry convened on Saturday and was still sitting when I last heard of it. When I received my hon. friend's question before coming into the chamber I asked that a telephone call be put through to military district No. 4. I have not had a reply as yet. I would assume that the court of inquiry is still sitting. I am sorry to say I think the fatal casualties were one more than my hon. friend mentioned. I think there were ten fatal casualties altogether.

R. C. A. F.—LABRADOR AIR BASE—BOMBER CRASH ON JULY 6

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I should like to direct a question to the Parliamentary Assistant of the Minister of National Defence for Air. I have sent the minister's office notice of this question and it may not have come to the attention of the parliamentary assistant. If not, he may take this as a notice. Following up a Canadian Press dispatch which was carried in the newspapers of Saturday, I should be glad if the Minister of National Defence for Air would give the house such information as he can with respect to the accident which is alleged to have occurred on Friday, July 6, when eleven men were reported to have been killed in a twin-engined reconnaissance bomber which crashed while taking off from a Labrador air base.

Hon. CYRUS MACMILLAN (Parliamentary Assistant to the Minister of National Defence for Air): A court of inquiry has been established and is investigating this accident. Information will be given as soon as possible.

MERCHANT NAVY

INQUIRY AS TO AVAILABILITY TO PERSONNEL OF CIGARETTES AND OTHER COMFORTS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I have received a complaint from the Cheerio War Service club, which services many men and women in the armed forces with cigarettes and other comforts, stating that merchant seamen do not appear to be entitled to the standard package of three hundred cigarettes on the same basis as those in the armed services. Will the Minister of Transport or the Postmaster General inform the house whether or not this is correct, and, if so, why these seamen, whose duties are among the most hazardous of all, are not placed upon the same basis as the armed forces so far as cigarettes are concerned?

Hon. J. E. MICHAUD (Minister of Transport): Merchant seamen would be entitled to the same privileges that are being extended to members of the armed forces if it were physically possible to send them cigarettes without disclosing the destination of the ships on which the seamen are serving. However, cigarettes and tobacco are made available to seamen on the ships on which they serve at very much reduced rates.

Mr. GRAYDON: Surely the objection in regard to disclosing the destination of a ship would apply in the same way to the navy, but there does not seem to be any difficulty so far as men in the navy are concerned.

Mr. MICHAUD: It is possible that the management of the naval and merchant ships is not the same, and for that reason the service cannot be extended to the seamen.

Mr. GRAYDON: Perhaps the minister would give the matter further consideration?

Mr. MICHAUD: It has been given consideration already, but we will consider the matter further to see if the service can be made available to merchant seamen.

MOBILIZATION ACT

INQUIRY AS TO REPORTED STATEMENT BY PREMIER OF QUEBEC

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I should like to direct a question to the Minister of Labour, for which apparently he is prepared, in connection with the speech reported to have been delivered yesterday by Premier Godbout of the province of Quebec. Reference was made to certain orders or regulations that have not yet been brought before this parliament, and the speech as a whole refers to the fact that any farmers' sons now in the service, or those who have not complied with military service regulations, or even those who may be considered deserters from the army, will be given exemption from military service if they obtain certificates from their mayors and agronomists. Later on he is reported to have said:

If there is in the province one farmer's son, an employee on the farm, who did not comply with—

Mr. MACKENZIE (Vancouver Centre): I rise to a point of order. Under paragraph 298 of Beauchesne, third edition, this is entirely out of order.

Mr. DIEFENBAKER: I cannot very well ask the question unless I place before the minister the statement on which it is based.

Mr. MACKENZIE (Vancouver Centre): May I read the authority for my interruption:

Questions asked orally on the orders of the day being called must not be prefaced by the reading of letters, telegrams, newspaper extracts or preambles of any kind.

Mr. SPEAKER: There is no doubt as to the rule. If the hon. member wishes to address his question without giving the direct quotation, he might very well paraphrase the article.

Mr. DIEFENBAKER: The question I wish to ask, then, is based upon a statement purporting to have been made by Premier Godbout, which is most revealing and—

Some hon. MEMBERS: Order.

Mr. DIEFENBAKER: —destructive of unity. It refers to orders and regulations that have not been brought before this parliament under which men who are farmers' sons of one province, whether deserters or otherwise, are to be exempted. My questions are these. Were any such orders or regulations passed that have not been laid before parliament; was Premier Godbout given any confidential information along this line which would permit him to make that statement; and is it a fact that in the province of Quebec farmers in the home defence army are to be discharged?

Hon. HUMPHREY MITCHELL (Minister of Labour): I noticed in the newspaper this morning the report to which my hon. friend refers. I have not read the official text of the speech by the premier of Quebec, which I understand was given in French, but I can say without equivocation that there is no arrangement in any part of Canada for dealing with men under the mobilization regulations

except in accordance with the terms of the regulations laid before this House of Commons or otherwise made known to the public.

Mr. GORDON GRAYDON (Leader of the Opposition): If I may ask the minister a supplementary question, from the reported speech of the premier of the province of Quebec it would seem that this matter is dealt with in that province differently from the way it is dealt with in other parts of the dominion. Will the minister indicate whether the statement in the press is in accordance with the regulations?

Mr. SPEAKER: The hon. gentleman is asking what he calls a supplementary question, which is not permitted under the rules. He is also making a statement in regard to a question which has been answered by the minister.

Mr. GRAYDON: The government has not attempted to answer this question at all.

Mr. MITCHELL: I think perhaps my hon. friend's question should be answered, and the answer is no.

Mr. GRAYDON: Then may I ask the Prime Minister whether he authorized the premier of Quebec to mention all the subjects which are referred to in the press report.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I may tell my hon. friend that I have not read the premier's speech. My time is too much taken up with international affairs for me to be worrying over provincial matters at the present time. But if my hon. friend is uneasy as to what I may have been saying to Premier Godbout I may tell him that I have had no conversation with the premier of Quebec authorizing him on any matter about the provincial election.

Mr. GRAYDON: Apparently he has had some conversation with the right hon. gentleman, from what he says.

Mr. MACKENZIE KING: No, he has not.

ARCTIC AFFAIRS

SUGGESTED CONFERENCE BETWEEN UNITED STATES, RUSSIA AND CANADA

On the orders of the day:

Mr. H. C. GREEN (Vancouver South): According to a press dispatch from Edmonton under date of July 8, Vice-President Henry Wallace of the United States gave an interview in that city in which he advocated an international conference between Russia, United States and Canada concerning arctic affairs, and he emphasized the urgency of having such a meeting. Could either the Prime Minister or the Minister of Mines and Resources tell us whether Canada has taken any steps to bring about such a meeting, and if not, will Canada do so?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The suggestion deserves consideration, but up to the present time consideration has not been given any conference between Russia, Canada and the United States. In due course such steps will be taken as may seem advisable.

BUSINESS OF THE HOUSE

WEDNESDAY EVENING AND MORNING SITTINGS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should like to remind hon. members that some days ago, when we decided to sit Wednesday afternoons, there was an expression of view which seemed to be pretty general that we might sit Wednesday evenings as well. If the house is agreeable I would move that we sit Wednesday evenings from now on, beginning on Wednesday of the present week. I should like to throw out the further suggestion that beginning on Monday of next week the house might sit mornings. I think matters have progressed far enough to permit morning sittings to begin a week from to-day; and unless there is a real desire to have the proceedings of parliament continue on into the autumn it will be necessary for us to take some step of this nature very soon.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Thursday, July 6, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the proposed amendment thereto of Mr. Rowe.

Hon. J. L. RALSTON (Minister of National Defence): Mr. Speaker, I am not going to take the time of the house this afternoon in discussing the financial provisions of the budget which were so convincingly set out by my colleague the Minister of Finance (Mr. Ilsley) with the clarity and forcefulness which are characteristic of every presentation he makes to this house. Neither am I going to discuss the financial clauses of the amendment provided by the hon. member for Dufferin-Simcoe (Mr. Rowe). I want to get down to the clause in the amendment which deals with man-power. What I want to do, first, is to tell the house what purposes the N.R.M.A.

personnel in this country are serving; secondly, what I can about the situation with regard to reinforcements, and, thirdly, our reasons for recruiting.

In the first place I want to say this, that there is no formation or organization in Canada known as the home defence army. What is referred to are men in the Canadian Army to-day who have been called up for service in Canada. Those men are not in any one formation or organization. They are scattered throughout the ranks of the Canadian Army in Canada, and in practically every branch of that army.

There seems to be an idea that the seventy odd thousand men referred to in the amendment are hived somewhere, or that they are sitting around doing nothing. That is quite untrue, as I think I shall show. The N.R.M.A. personnel, that is the personnel called up under the National Resources Mobilization Act, consists at the present time of something like 73,000. There were 144,000 of them enrolled altogether; in other words, 70,000 of them have gone active or been discharged. Most of those could not measure up to the army medical standards for overseas, and they have been released for civilian work.

I should like hon. members for a moment or two to look into just what these individuals are doing. Here is a break-down with respect to those 73,000 men. About 35,000 of them are on operational duties. About 13,000 of them are on non-operational duties. About 14,000 of them are in training centres. About 4,000 are in depots—wings which have to do with appraisal and placement and rehabilitation. Over 7,000 are on leave, or are on assigned duty, doing civilian work. That makes up the 73,000.

There are only three of those classes to which one has to pay much attention so far as describing their duties is concerned. First there are those engaged in operational duties, numbering, as I said, about 35,000. Then come those engaged in non-operational duties, to the number of 13,000, and the 14,000 in training centres. The men in depots, it will be understood, are there for purposes of replacement and reappraisement as to their suitability for jobs, and are posted as jobs come up.

Mr. GRAYDON: In connection with the 14,000 in training centres, I take it that those men are undergoing training now. Am I correct in that?

Mr. RALSTON: Yes, that is correct. Then, the 7,000 on leave or on assigned duty require no explanation. I wish hon. members to bear in mind that figure when the discussion comes up from time to time as to what the army is doing in respect of supplying man-power for civilian purposes.

I shall not have time this afternoon to deal with every aspect of the matter I should like to deal with, but I should like just to underline here the fact that something like 7,000 of these N.R.M.A. men are to-day on leave doing civilian jobs—and about 4,000 of general service personnel in addition.

The operational units are scattered from Prince Rupert to Jamaica. They are on the Pacific coast in about a dozen positions, and on the Atlantic coast in about 15 different locations. They are in Newfoundland, in Labrador, at Nassau, Bermuda and Jamaica. In addition to that, a body of these operational troops are doing anti-sabotage duty in the interior of this country. They are engaged also in coast artillery work, signals, anti-aircraft, searchlights, engineers, infantry—they are in almost every branch of the army which provides supply, equipment and other services for operational troops.

There are in addition some in special training at the present time for certain types of operation in which they might be required. That number is included in this 35,000, and would equal about two brigade groups or a little more than that. These operational troops I have mentioned are in locations extending from Prince Rupert to Jamaica. So far as the Pacific and Atlantic coasts particularly were concerned, these operational troops were disposed after consultation with our friends in the United States in connection with the joint defence plan. Hon. members will recall that back in 1942, after Pearl Harbor, insistent demands were made for more troops. At that time the sixth, seventh and eighth divisions were authorized, and immediately all these men were called up. Kiska came in August of 1943. Immediately after Kiska the army disbanded two of those divisions, namely the seventh and eighth. There was a good deal of furore at the time; people thought we were going out of the war. What we thought we were doing was something which was extremely desirable and proper—that is, to release men, if we could, to civilian life. N.R.M.A. men physically unfit for overseas service who were not required for service in Canada were discharged. Other N.R.M.A. men not fit for overseas service were posted to replace and release for overseas service general service men who were physically fit for that service. The N.R.M.A. men physically fit for overseas service and who were released by the disbandment were trained as potential reinforcements for overseas service. That was in August, 1943.

Somebody asks: Well, what about this matter of defence, anyway? I wish to say this frankly, that since the invasion of a few weeks ago the situation has changed considerably. We had maintained a very limited number of these operational troops on the two coasts—limited, I mean, in the sense that there were a large number of posts they had to look after, and therefore the numbers in any one location were comparatively small. In Labrador and Newfoundland they formed local reserves, and were on aerodrome defence and anti-aircraft defence. We had to employ these troops according to the needs of defence as determined by what we call the probable scales of attack which were laid down by the staffs of the United States and Canada. Those scales of attack mean this, that those who know about these matters, staffs who are familiar with the strategic situation, appraise the possibilities and come to the conclusion as to what likely form of enemy attack might be practicable, what form of attack might be expected, and what the nature and extent of that attack might be. They consider also where such attack might possibly come. Troops are then disposed and posted, having those possible scales of enemy attack in view. Hon. members will understand that. On the two coastlines of Canada the troops have been located in bodies of appropriate size at strategic points. I recall that less than a year ago—about the year's end—there was an alarm —in fact one on the Atlantic coast and one on the Pacific coast. I can well imagine what would have been the criticism levelled at the Department of National Defence had there not been some troops to stand to at that time. Nevertheless the situation, as I say, has changed. At the present time there is under discussion the question of the necessity for operational troops at certain points with a view to a further reduction.

Now, with regard to anti-sabotage. There is a considerable body of troops being used in connection with a particular installation in Canada, and those troops are now disposed in the guarding of that particular development. So much for the 35,000 N.R.M.A. men in operational troops—and that is about half of the 73,000 men to whom reference has been made so often and who have been referred to in the amendment.

I now come to non-operational troops, numbering, as I have said, some 13,000. These are troops on training centre staffs, training school staffs, training organization staffs, and personnel employed as administrative personnel, firemen, general duty personnel, clerks, drivers, mechanics and cooks. These men are engaged in service of the establishments of the Canadian Army in Canada, and those establishments, in turn, form the base for equipment and reinforcement for our Canadian Army overseas.

These men are employed with the R.C. E.M.E., which is the corps of electrical and mechanical engineers which has, among other things, to do with the maintenance of vehicles. Perhaps when I tell the house that something like 20,000 to 30,000 vehicles have to be maintained and serviced, hon. members will realize why it takes a considerable number of men to do this work. These men are employed at the establishments in Canada which not only services the equipment produced in Canadian factories for Canada but also provides for the crating and the preparing for shipment of all equipment which goes to the united nations from our productive industries. The house might be interested in knowing that in this particular establishment there are over 150 carloads inward and 150 carloads outward practically every day. These N.R.M.A.. men are employed in large numbers there.

Ordnance handles everything for the army except food and medical stores, and these men are employed at ordnance depots and establishments at headquarters and across the country in large numbers. N.R.M.A. personnel work at the London central mechanization depot and they work at certain special experimental establishments.

In the army service corps N.R.M.A. personnel are employed as drivers, general duty men, supply depot personnel, butchers, bakers and cooks. They are employed also in hospitals and other medical units as well as in headquarters and servicing units where they work in the pay corps, postal corps, corps of military staff clerks and as general duty personnel.

All these men are part of the personnel used to service the army both in Canada and overseas. The big bulk of N.R.M.A. men among the non-operational personnel are for servicing duties, for which general service personnel would otherwise be required. I should also say that the N.R.M.A. personnel help to make up the army service corps detachments which service the navy and air force. They are employed also in woodcutting detachments and in port companies.

Next come the 14,000 N.R.M.A. in the training stream, at training centres, schools and other establishments. These men when trained are used to replace and release general service personnel; to replace N.R.M.A. personnel not medically fit for overseas and they are also a potential pool for reinforcements for overseas if the need should arise.

I have already spoken of the 4,000 odd N.R.M.A. men in the depots to which they are allocated or where they are reassigned to jobs for which they may be fitted.

I have also spoken of the 7,000 on leave or on assigned duties. This would cover men on compassionate leave, compassionate farm leave, industrial leave, lumbering leave, forestry leave, coal mining leave, spring leave and other leave.

That is the home defence army so-called. It is made up of personnel who are serving, as I said, not only from one side of this continent to the other but from the Pacific ocean down into the Caribbean. Except those who are on leave or in depots, all these men are on posts or in training. Quite a few of them are enlisting for general service and in due time will go overseas if they are of a suitable age and category and are fit. So that we have these men, equal in numbers to two brigade groups, who are in the training centres and who if the emergency should arise and the necessary action were taken could be made available promptly to be sent as reinforcements. That would be subject, of course, to the fact that the men in the training centres would have to complete their training.

You say to me, "What will happen if this home defence army in Canada is reduced, if the operational troops in Canada are reduced?" My policy will be to discharge, first, those who are unfit for overseas service to the extent that they can be spared. There will probably not be many who can be spared. They will be used to release for training N.R.M.A. men who are fit for service overseas. Our policy will be to use men fit for overseas service to make up a smaller number of operational units. These units would be composed of men fit for overseas service to the greatest extent possible. Fit men who are made available because of the reduced establishment in operational units in Canada would also go into training units in order that they might be trained for whatever service might be necessary. N.R.M.A. men unfit for overseas would also be used to replace general service men in order to release them for overseas.

I suggest that the statement which I have given regarding the activities of the N.R.M.A. personnel rather destroys the foundation for the regret which was registered by the amendment moved by the hon. member for Dufferin-Simcoe. We have to have men in Canada, not only to perform defence duties and for internal security, but to provide the service necessary for training and equipping the men in our overseas army. We can no more disband these troops wholesale than can the navy or the air force disband the establishments which they have in Canada and which are necessary to the valiant service being rendered by our sailors and airmen on every battle front. There are large numbers in all three services, even of those who have volunteered but who will not be able to gratify their ambition to go overseas because they are necessary in Canada. I repeat that we shall if possible reduce considerably the number of operational troops, but those who are fit and can be released from operational duties will be put in training to be ready for any emergency.

The hon. member for Dufferin-Simcoe talked about disbanding these N.R.M.A. men and sending them back to the farm and industry. May I say to him that I have no idea of disbanding or discharging physically fit men from the Canadian army, either N.R.M.A. men or general service personnel, while our men overseas are engaged in the greatest conflict of all time, and so long as these men or some of them may be needed as reinforcements. Their training and fitness for service must be kept up.

I do not want the house to think that if the whole 73,000 of the N.R.M.A. personnel were sent to England instead of being kept in Canada, that would end the call-up or end recruiting. I am determined to provide for every emergency if I can, and until someone who knows can guarantee to me that it is not necessary any longer, I will keep on recruiting and calling up men in order to have a backlog over here of trained and fit men if an emergency should come.

I want to make this further point in connection with the demand that is always made on the army for men for civilian work. I do not think the people of Canada or the members of this house realize how many men the army has discharged to civilian work. During the last six months we have discharged nearly 5,000 a month, or a total of 30,000 men, of whom about 7,000 were N.R.M.A. personnel. These men have gone back into the civilian man-power pool. While not physically fit for the army they can be utilized in large measure for civilian work. I want to say that the army is not holding on to any men it can spare who are not medically fit for service overseas.

There is another service which the army performs, and I think my colleague the Minister of Labour (Mr. Mitchell) will agree with me in this. By the call-up the army is providing an opportunity to check the man-power of this country and to divert and direct them into suitable channels. The army rejects nearly fifty per cent of the men who present themselves for enlistment or for enrolment under the N.R.M.A., and so far as the N.R.M.A. personnel are concerned those men

are rechecked by the national selective service officers who may direct them to suitable employment. This means that the army call-up has brought out thousands of men and made them available for more useful and essential work.

So much for the N.R.M.A. personnel. The statement I have just made is not one that is made for the first time. The hon. member for Dufferin-Simcoe could have looked up the record in *Hansard* for the early days of the session and he would have found that I had made almost the same elaboration of the duties being performed by these men. But he just elects in his amendment to assume that these men are doing nothing and that they may be at any moment moved out of the Canadian army organization in Canada and either sent back to the farming industry or moved overseas. I submit that that picture is far from being a true one.

With regard to the matter of reinforcements, an attempt has been made to regard the call for recruits in this country as evidence of an immediate need of reinforcements. The talk had been as if the recruiting activities were because of that need. But I would point out—and it seems to me that it does not take much imagination to realize it without having it specifically pointed out—that recruiting is not for the purpose of providing immediate reinforcements. Recruiting would be no good to provide immediate reinforcements. Men have to be trained for reinforcement purposes for at least six months; and recruiting is for the purpose of replenishing and keeping up our flow of reinforcements six months from now. What we are doing from day to day is to get these men in and train them.

Now, with regard to the matter of reinforcements, I have spoken of this many times, but I am afraid I have not yet made it plain; apparently there is an idea that the only way we can replace casualties is by dispatching men direct from Canada. That is not so. On the contrary, we have overseas a large reinforcement pool, and that pool is calculated on a scale to provide reinforcements for a certain number of months of intense operations. As I have told the house repeatedly, the size of that pool is based on requirements which are calculated from experience and from the best forecast which can be made of casualties. The pool was formed so that we would have reinforcements ready without being dependent on immediate dispatches from Canada. That pool enabled us to make good in a matter of days the losses suffered in the opening phases of the invasion. Already I have reports of the satisfaction of the commanders in the field, both in Italy and in France, with the efficient way in which reinforcements have been handled.

This is the position of the pool. My officers advise me that our reinforcement situation overseas at the end of June on an over-all basis was better than called for in our plans. That is on an over-all basis. But as I have said before, it is very difficult always to match supply with requirements in every trade and in every arm, in view of the inevitable variation in requirements. Any one of these trades or arms may receive a sudden demand when the others may remain for the time being almost untouched. The pattern of war changes constantly; and the responsible officers are continually comparing actual conditions with those forecast and are taking prompt action, by retraining and reallocation, to adjust for any situation which may be out of line with previous estimates. My advice is that subject to those adjustments between arms and trades the pool overseas was at the end of June at an adequate level for its purpose, and that is after allowing for casualties up to that date.

It must be understood that the reinforcement pool will not remain always at the same strength. It goes down and up, like a city reservoir which is drawn on heavily when a fire occurs and which rises gradually during normal times. There will no doubt be times ahead when the pool will be lowered very considerably, as casualties occur. It will be gradually raised later by monthly dispatches. I add this, that we are not counting in that pool those in hospital, no matter how soon they may be available—I do not mean only the wounded, but those temporarily or otherwise sick, so long as they are in hospital—or those attending courses in the United Kingdom. All those we class for the time being as non-effectives.

What are we going to do for the men to send over monthly—these monthly dispatches I have spoken of? The hon. member for York-Sunbury (Mr. Hanson) said, "Where are these men to come from if not from this immobilized force, Canada's home army?" Well, I will try to tell him. We anticipate that from the general service men we actually have in hand at the present time we shall be able for some months to come to dispatch month by month the quotas of reinforcements we have planned for. I do not want to be over-optimistic, but I would say that we have in hand at the present time sufficient general service men to complete our quotas right up to the calendar year end.

Where do we get these men to dispatch? I am not talking about men enlisting, I am talking about men we actually have in hand. Well, we have general service personnel in training centres all over Canada, and we have general service men in operational and non-operational units who are being made available as reinforcements by orderly withdrawal and replacement and, in some cases, retraining. I said in February that we had about sixty thousand of these. The number now stands at probably fifty thousand or better. Then, as I said in February, we have in addition about fifty thousand of these N.R.M.A. personnel of whom I spoke a little while ago, who would be of suitable age and category to be drawn on for overseas service if the necessity should arise and appropriate action were taken under N.R.M.A. As I have indicated, those in the brigade groups who are fit could be sent quickly, and how many of the others could be sent would depend on the comparative need. Of course we must go short in Canada if the need is over there.

I have already stressed that the army in Canada has the task of servicing, equipping and reinforcing of the army overseas. That is the situation. But we cannot stop there. The war is not over. As I have said repeatedly, Hitler and Tojo are not licked. There will be big battles yet, and Canada will be in the thick of them. That brings me to this matter of activity about recruiting. People may ask, "Why all this activity? Why do we not stand on what we have?" The answer is that we want to protect the position six months from now, and I am not content to rely on protecting that position by using draftees if we can reinforce our army with volunteers. Our recruiting activities are for the purpose of keeping up enlistments from now on so as to be able to maintain the stream of reinforcements from month to month. We want to get, if we can, an average of 4,000 a month or better from those not now in the army, and that figure may have to be reviewed, depending on the developments of the present operations.

From January to May inclusive the average number volunteering for general service was just about 3,800 general service men a month. Included in that average is about 600 N.R.M.A. personnel who enlisted for general service.

For June, according to the daily returns we have, the number volunteering will be over 6,000, and that includes between 2,500 and 3,000 N.R.M.A. personnel who have enlisted for general service. I pause to ask if that is not a better way to utilize these N.R.M.A. men for reinforcements. I know from reports I have received that enlisting gives them a new outlook, new self-respect, a determination that comes from having made a great decision. And all that is bound to make them better soldiers.

Some of these former N.R.M.A. men would have to be retrained in another arm of the service, but many of them are ready now for overseas service. But the civilians who are enlisting—who are just coming into the army for the first time—all have to be trained, and that takes six months at least if they are to get all the training we should like. That means that a man enlisting to-day from civilian life and put into training would not, in all probability, come out at the other end of the training stream and be ready to go overseas at the earliest before the 1st of January, 1945. So that the short answer to the question "Why are we recruiting?" is that we are recruiting so that the flow of reinforcements six months from now will keep right on.

Mr. GREEN: May I ask the minister whether there has been any reduction in the length of training given to general service personnel in Canada?

Mr. RALSTON: None that I know of.

Mr. GREEN: Is it intended that there shall be a reduction?

Mr. RALSTON: Not that I know of.

As I told the house in February, if current recruiting did not keep up, our quotas for dispatch overseas in the closing months of this year and in the first months of the new year would be down, and that would mean that if casualties occurred on the scale we calculated for, the pool overseas would be lowering instead of filling up. In that connection the house will be glad to know that from the very beginning of the campaign in the Mediterranean, all through Sicily and Italy, and in the Normandy invasion, the casualties, while substantial, have thus far been considerably below those for which we estimated. We devoutly hope that may continue, but we certainly must not bank on it. And so, I say, we are keeping right on now getting men to enlist for overseas service, and from what I have said you will see that there are two sources from which these enlistments can come—the N.R.M.A. men now in the army, and men enlisting from civilian life. We are placing before both these groups the needs overseas and asking them to join the army of volunteer soldiers which has distinguished itself in every operation in which it has taken part.

As I speak I am reminded that to-day is the anniversary of the invasion of Sicily. I am sure it is a red letter day in the history of the Canadian Army—a day on which

Canadians will look back with pride and thankfulness as they recall the exploits of that landing at Pachino and of the thirty-nine days following it, during which Sicily was liberated.

There they made their place in the renowned Eighth Army. The reputation for soldiering which they won in Sicily was carried forward by the 1st Division and the Army Tank Brigade as abreast the British formation they spearheaded the landing on the toe of Italy at Reggio Calabria. Steadily and irresistibly they fought their way northward. Later they were joined by an Armoured Division, with which they formed the 1st Canadian Corps. The battles of Ortona and the Liri valley, the breaching of the Gustav and Adolf Hitler lines, were a few of the outstanding achievements which have written their names in shining letters on the pages of Canadian history.

For a long while the Canadian army was not in active operation. Young men went into the navy and the air force, many of them because they thought they could get into action sooner. The army to-day challenges any man who wants action and who wishes to help to finish the war and finish it quickly.

I have spoken of the sources of enlistments. These are the sources from which our overseas army is reinforced—the pool which is now overseas; the pool of general service men in Canada; the N.R.M.A. men now in the army who are enlisting because they see their duty; and young men in civilian life who cannot pick up a newspaper or listen to the radio without realizing that the call is to them. In addition, there are the drafted N.R.M.A. men who are potential overseas reinforcements if the need for sending them should arise and the necessary action is taken. About them and others who may be called up, I have made my position clear more than once in the house. That position is this—I am for keeping our army overseas 100 per cent volunteers if we can do it; but if we cannot maintain the army overseas with volunteers and it is necessary to send N.R.M.A. men, there can be no alternative for me but to recommend action under the act, and I shall do so. I simply want to point out that nearly two and a half years ago, when this same question was up in the house, I said:

> I have faith in the success of the voluntary method if we all do our part. With the background and traditions which this country possesses, and which it would be folly to ignore, I prefer the voluntary method if it works, and I shall do all I can to make it work.

That was in February, 1942. I think I can say that I have faithfully tried to raise and administer the Canadian army under the voluntary system. Since that time when I spoke, 198,000 men have enlisted voluntarily in the army. That is an average of over 6,600 per month since February, 1942. The total voluntary enlistment in the three services in Canada since the time I spoke was 378,000 men. Those figures would seem to show that my faith in the voluntary system was justified then. I intend to try to see that it does not fail in this last long strong pull.

May I say a word about what I believe is the advantage of recruiting rather than conscripting. I can say to you, Mr. Speaker, that it would be much easier for my officers and myself if we could just by a stroke of the pen draft men for overseas service instead of adjusting, retraining and reorganizing to utilize the general service men, and campaigning for recruits to keep the flow up. But I do not think there is a man in Canada who knows anything about these things who does not in his heart of hearts believe that where we have an army overseas which is 100 per cent volunteers it will be a better army if we can keep it that way. The men who are there have volunteered from a sense of duty. Is there not bound to be cleavage between them and those who, they feel, are wanting in the spirit of service which has carried them through tough times and enabled them to accomplish the impossible? Comradeship in war means everything and there are some members of the house who know that: the dependence of one man on the other, the confidence and friendship which grow up between men who have made the same great decision and who fight each for the other. Men in that position have a sure knowledge that the man on the right or the left will not let the show down. That is esprit de corps, and it is one of the most vital things in battle. The operations of this war have been in fast, hard-hitting movement. Men in small groups scattered over a wide territory have had to be on their own. Canadian resourcefulness and initiative, born of a sense of duty, have made fighting men, with confidence in each other as members of a team, able to hold on and drive forward to overcome obstacles and rout the enemy in situations where nothing but loyalty to the cause could have succeeded. I think it almost goes without saying that any soldier on a dangerous task would prefer to have as comrades those who, like himself, had volunteered to serve.

I know that other countries have drafted armies. That is true of the United States, of Britain and of New Zealand, and I know the magnificent way they have fought. But their system of draft was in force practically from the very beginning. The men in the forces are all on an equal level there, and the draft

was simply to decide who should go first and who would be best suited to go. In the early days in some of those countries a man could volunteer, but no stigma attached to a man because he was drafted; it simply indicated to the man that it was his turn. For better or for worse, that was not our system; it was agreed by both major parties in 1940 that it would not be. It is not the system in Australia. In Australia men who are called up can only be sent as far north as the equator, and Australia's contribution to the war has many times, and rightly so, been held up in this house as one that we should emulate. It is not the system in South Africa, where the only power to call men up for compulsory service is for service within the union itself. And South Africa has as her Prime Minister Field Marshal Smuts, whose war-mindedness has been worthily applauded throughout the commonwealth.

And so to sum up, Mr. Speaker. My job is to maintain our army overseas. My job is to do all I can to see that Canada backs to the limit her men who are overseas. If the sending of these N.R.M.A. men is necessary to maintain the army overseas at the present time, then I shall be for sending them. If it is necessary for that purpose at any time in the future, I shall be for sending them. But so long as volunteers enlist for that purpose, does anyone doubt that we would serve those soldiers overseas better by sending them volunteers like themselves instead of draftees?

And now if I may I wish just for a minute to step into the sphere of my colleague the Minister of Finance. I have referred to this before, but there is an analogy that people sometimes miss, and I am speaking now particularly with regard to the help which citizens can give in connection with recruiting as compared with the help they give in connection with war loans. My colleague the Minister of Finance has to raise huge amounts of money every year to pay for war activities. Only about half of it is raised by compulsion, that is, by taxes. The government, under the very act, the National Resources Mobilization Act, which authorizes the sending of men by compulsion, has the power to force citizens to give their money and their property for the prosecution of the war. Why not take it all by compulsion? But my colleague with the full approval of the Canadian people does not take it that easy way. On the contrary, he puts a vast amount of time, energy and money into recruiting campaigns for dollars—to persuade and urge the people of Canada to contribute their money by buying victory bonds. More than that, through the national war finance committee, he asks and receives the patriotic support of thousands of citizens to make those campaigns successful. The campaigns are strenuous. Competition is stimulated between communities, plants and organizations. Badges, emblems and shields are prepared to recognize those who respond and to spur on those who do not. I commend that to some critics who suggested we should not give the general serviceman a G.S. badge to wear. Honeyed words do not always produce results. Sometimes people have to have their duty pointed out to them pretty forcibly. Great people, famous people and popular people are brought in to help to influence citizens to subscribe. When it is all over, we Canadians are proud, and rightly so, that success has been achieved by many methods in bringing home to people their duty and their privilege.

Is it so very different regarding furnishing the needs of war for men instead of dollars? We use compulsion to get men for service in Canada. We have the power to use compulsion for service overseas. But we have not done it. We have taken the harder way deliberately, and so far it has been successful. We have voluntarily enlisted in the armed services altogether something like, I think, 850,000 men and women. If it is righteous and patriotic and laudable to support our men overseas by asking our neighbours to contribute money by buying bonds instead of having it taken by force, is it not just as patriotic and laudable when it comes to supporting those same men by influencing the young men of Canada to go as reinforcements rather than regarding it as none of our business and saying, let the government force them to go? The great advantage, Mr. Speaker, in getting the voluntary cooperation of citizens in raising money or in raising men is that it puts people's hearts into the war. Therefore I believe that my officers and I, and Canadians generally, can best do our duty to our army in the field by working just as hard and loyally and ceaselessly to recruit men as we do to recruit dollars.

Right here I want to express the hearty thanks, not only of myself and of the government and of the department, but of the people of Canada and the troops overseas, to the officers and staffs at headquarters and in the commands and districts, and to citizens' committees and individual citizens all over this country, for their hard, loyal and unflagging work to provide volunteer reinforcements for our volunteer army overseas. The task is not an easy one. There are two classes in this country who do make it difficult. One class consists of those who are insistent on conscrip-

tion whether we can get volunteers or not. Consciously or unconsciously, they discourage volunteer recruiting by constantly keeping up the agitation, criticizing and disparaging the efforts of those who are loyally giving their best efforts to persuade and urge young men of Canada to enlist. The other class is a group that is against overseas service and who protest against conscription but do nothing to avoid it by encouraging our men to volunteer. In connection with the groups I have mentioned I hope most sincerely that the attitude may change. Perhaps nothing that I have said may change it, but I would hope it might because I do think that there is a sound basis of common sense, patriotism and efficiency in having and maintaining our army a volunteer army at this time.

But there is another group, and that is the group of people who do not speak in public and who do not write in the newspapers. They are people who think and work faithfully and quietly. They know that Canada has done and is doing a grand job in the war. I say "Canada" deliberately, for it is the Canadian people who have given of time, effort and money, and more than all, the dearest possessions of young men and young women from their homes. They do not see the point of raising this explosive issue at this crucial time in a war like this. They can wait to express their views on the government's conduct of the war when the time comes. They are not of the class which says Canada has done too much. They may think that conscription may perhaps be fairer in theory, but they know that the will to serve is better in practice. They are not so much interested in methods as in results. For them the winning of the war comes first. That group of quiet, thinking citizens of this country has given its support to the war all through those years. I ask them, and I wish to ask all true Canadians, no matter of what race or sect, or what province or party, to show the pride which I know they have in the magnificent achievements of our men in Italy, Sicily and Normandy by helping us to continue to send them the very best we have.

Mr. ADAMSON: May I ask the minister a question? Has not the Australian government this year abrogated the limiting clause on the Australian militia?

Mr. RALSTON: Not that I know of.

Mr. J. E. MATTHEWS (Brandon): Following the very inspiring address we have just heard I intend to make any remarks of mine very brief. Since this budget discussion has been prolonged there are only a few points to which I desire to refer. First of all I want to join with many other hon. members in extending my sincere congratulations to the Minister of Finance (Mr. Ilsley) upon the able budget speech that he delivered to this house. I have come to regard the minister as the mystery man of Canada. It is true that he does not resort to the pulling of rabbits from the hat, but he extracts from the pockets and the persons of the Canadian people bank dollars and cheques with a deftness of approach that prompts them to invite him to come again, and come again he will. It is true that the people do a certain amount of complaining regarding the paying of taxes, but I venture to say that not in all Canada is there a man who to any greater extent, if as great, commands the respect, the esteem and confidence of the Canadian people as does the Minister of Finance.

I do not intend to take up the time of the house in a discussion of monetary theories. We have heard a great deal of them, but any reading I have done along that line has forced me to the conclusion that in the realm of finance, as in any other realm, we cannot get something for nothing. Any nation or any individual who has proceeded along that line has in the end met with disappointment and generally near disaster.

I have before me three statements which I shall not take the time to quote. They come presumably from authoritative sources and refer to the national debt of Canada. Strangely enough, they all differ as regards the amount, but they are unanimous in pointing us to the conclusion that our debt has reached—and is going still farther—staggering and appalling figures. One statement gives the gross unmatured funded debt as $10,689,000,000 on March 31, 1944. Other amounts would have to be added as well. It does not give me a great deal of comfort to be told that this debt is owing in Canada. It is debt just the same, no matter where it is owing. Nor is it any comfort to know that only sixty per cent of the wage earners of Canada are contributing to the investment in that debt, so that the debt itself is not payable to the people of Canada but only to a portion of the people.

I am not referring to these matters in any spirit of criticism, and I do not want to be so understood. I am referring to them for the reason that I believe the time has come when every man, woman and child in Canada should support the finance minister of to-day or of to-morrow in his efforts to curtail unnecessary expenditure wherever possible. In the past the people of Canada have not complained about the debt. They are not going to complain in the future as long as they feel that their money is not wasted. We have had no alternative. All down through the years since

the beginning of the war it was a choice between debt and bondage, and I think most of us prefer debt. I do not believe any man could have handled the situation more admirably than it has been handled by the Minister of Finance. The people of Canada have noted with approval that whereas the average rate of interest paid on our debt in 1919 was over five per cent and in 1939 was 3·52 per cent, the minister has succeeded in reducing that rate to 2·57 per cent in 1943, just about half the rate we were paying twenty-four years ago.

In this connection I was interested a few days ago to read the statement of operating expenditures of the foreign exchange control board for 1943 as compared with 1942. Expenditures last year were 20 per cent lower than in 1942 and 35 per cent lower than in 1941. Economies in printing and paper, through a reduction in the size and number of forms required and in other ways, are reflected in a decrease of 35 per cent in the expenditure for this purpose as compared with 1942. This is the spirit, I submit, that should animate all departments of government and all the people of Canada at this time, in order to avoid any unnecessary expenditure; because no school of economists can persuade me that a nation, any more than an individual, can continue indefinitely building up a gigantic debt without some day having to pay the penalty. If any other theory were accepted, this nation, together with other nations that have tried the experiment, would be doomed to financial disaster.

Recently a writer on this topic put it tersely when he pointed out that our Canadian debt has been well managed, that we can borrow with safety all the money needed to win the war and convert our economy to peace. Our position is sound because we have recognized that debt is a burden and has a limit beyond which we cannot safely go. Our sound position could quickly disappear and the nation could be ruined if we swallowed the easy doctrine that debt costs nothing and need never be repaid, that all public expenditure is economically sound and pays for itself. During the period of rehabilitation, reconstruction and demobilization there will be thousands of legitimate calls for heavy expenditures which must be met. My point is that in justice to those who sent us here we must keep our faces set against unnecessary expenditures for which demands will be made. I am one of those who believe the whole taxation fabric of our country will require revision at the close of the war. It has not been founded on any scientific principle but, like Topsy, has just grown because of the exigencies of war. For that, no one is to blame. Among other corrections I would suggest is that a taxpayer be granted the right of appeal from the decision of departmental officials, appeal to an ordinary court of law instead of being confined to the exchequer court, as I believe it is to-day. Such a right of appeal exists in both England and in the United States, and I think should exist in Canada.

I should like also to congratulate the minister upon his stubborn and thus far fairly successful fight against inflation. I believe only now the general public is beginning to realize what that fight has meant to the economic set-up of this nation and the welfare of the individual. Only now is word beginning to drift in from other countries where inflation has been allowed to run riot. A few days ago a letter was received from a young Manitoban, written from the Chinese capital, in which he cites some of the prices prevailing in that country. I should like to quote just a few. A bar of ordinary toilet soap costs $2.75. American lead pencils bring $6 each. A pen nib costs 30 cents; a fountain pen costs $900. Bread costs $1.50 a loaf. Pork is $3 a pound. A haircut costs $3 and a ten cent tin of shoe polish costs $2. The price of shoes starts at $75 a pair and runs as high as $250. In addition, my young friend from Manitoba says, if you are so fortunate as to be able to buy a new car it will cost you just $150,000, and then you pay $17.45 a gallon for gasoline with which to run it. A good second hand car sells for $43,000.

I should like to quote a few of the prices prevailing in Greece at the present time, as a result of inflation. I believe these figures have been taken from reports of the International Red Cross, so that they may be regarded as correct. A loaf of bread costs $22.50—as compared with $1.50 a loaf in China. In Greece a pound of steak costs $24, a dozen eggs $27, a pound of sugar $22.50, five pounds of potatoes $14.25, a pair of shoes $400 and a suit of clothes $1,500. Thus it is in Greece; yet in Canada to-day we have those who are murmuring because to a certain extent they are restrained as a result of the ceiling placed upon prices by the finance department. I find one very general criticism of the minister throughout the country, and I believe it only fair to mention it here. That criticism is that when he was enacting these other ceilings, which are generally appreciated, he did not at the same time impose a ceiling upon the cheapest of all commodities, the everlasting talk to which we have to listen in this chamber.

I should like to refer briefly to the elimination of duties on all farm implements, a step which is warmly welcomed by the farmers of Canada. These implements include cream separators and parts thereof, milking machines and attachments, cultivators, harrows, seed drills, horse rakes and scufflers, manure spreaders, weeders, ploughs, soil packers, mowing machines, harvesters, combines, hay-loaders, potato planters and diggers, fodder cutters, and a host of other farm implements. On all of this a duty of from 7½ to 25 per cent had formerly been paid. With the tremendous demand for replacement machinery as soon as such is available after the war, this is a concession of gigantic value in the matter of dollars and cents, to farmers all across Canada.

I wish to make this further observation. In the billions upon billions upon billions of collections and expenditures since Canada entered the war, there has not been one hint or suggestion of anything in the nature of scandal. True, once or twice there were feeble flickers, but those flickers have died natural deaths, because it was found that at the root there was no food upon which they could feed. That is one of the considerations which has put the reputation of the Minister of Finance on an enviable pedestal where it will remain in the memory of Canadians down through the years to come.

One other matter, and this is directed to the Minister of Pensions and National Health (Mr. Mackenzie), who was a veteran of the last great war, and who has worked zealously in looking after the interests of the men returning from this war. I am not speaking in any parochial spirit when I refer to one definite case I have in mind; I know it is typical of a number of more or less remote cases across Canada.

Shortly after the war broke out a young man in one of our western cities wanted to enlist in the air force. At first he was not accepted. I do not remember all the particulars, but I do remember writing a very strong recommendation for that man, as regards his character and his ability to play the man. Later he was accepted and was soon sent overseas. This was the same man who dropped the first bomb on the German warship *Scharnhorst* as she lay at anchor. His valour was extolled in newspapers across Canada, including the two Ottawa papers. Later, while out on a flight, through some accident his aircraft caught fire. He managed to make a landing in the outskirts of a little village in England. The villagers rushed to the scene of the wreckage. I believe there were seven young men with him, all of whom were burned to a crisp. When this young chap was pulled out it was found he was still alive. He was rushed to a hospital, remained there four months, and was finally discharged. He was a new man in this respect, that through continuous grafting operations he found himself clothed with a new suit of skin. On his discharge from the hospital he was elevated to the rank of squadron leader. After spending some time on the ground, he set forth again on his air operations. This time he made the supreme sacrifice. His wife and little boy are in England, receiving of course the customary pension. With this I agree. At home, however, lives a widowed mother, whose circumstances I have known for years. She is a semi-invalid, lame and unable to work. There are two or three others in the family, but to my knowledge not one of them is in a position to give her any support. A young girl fifteen years of age lives at home. This widow is receiving $30 a month. Not long ago it would have been only $15, but under the revised regulation she received $30. I have no criticism of this, so far as it goes; but I do point out that a widowed and invalid mother, who gave her favourite son, and gave him willingly, to fight in freedom's cause, cannot possibly pay the rent, pay doctor bills, and support herself and her daughter on $30 a month.

I am prepared to say further that the people of Canada do not want her to have to support that girl and herself on that small amount. The regulations provide that amount, and nothing more. I find no fault with the regulations, so far as they go; but I do urge upon the department, with all the force at my command, that in order to meet these remote cases which from time to time will crop up in all parts of the country, and which cannot be included under the prevailing regulation, some special enactment be made and possibly a special board appointed to review thoroughly cases of this kind, and with power to make awards according to the established needs of the applicants. Such a board should consist of independent reasonable men, residents of Ottawa, who could be called together once or twice a month.

I can understand that in some instances $30 a month would be a proper amount for widows. In many cases, however, such as the one to which I have just referred, those involved are placed in a position of penury, and to this I am sure the people of Canada would take objection. That is my suggestion, and I trust that it may be acted upon. I have very strong feelings in regard to the case I have cited, because I have known the circumstances for many years.

For the last two years I have resided in Ottawa South. I leave this building at eleven

o'clock, night after night, month after month, and I ride on a Bank street car. Almost every night I see in that car perhaps a dozen or two dozen soldiers and airmen. Time and again I have noted the gentlemanly bearing of these men, and I have wished on many occasions that their parents could be with me in that car to see for themselves the manly conduct of their sons in uniform—their sons who are fighting in freedom's cause. I put this on record as a tribute, and perhaps also as a comfort to the mothers and fathers across Canada who suffer heartache and suspense in these days. Could they see their boys here in Ottawa, and in other cities I have visited, they would not feel any great uneasiness about them. I take this opportuntiy to pay a sincere tribute to the fine character of the enlisted boys of Canada.

Mrs. DORISE W. NIELSEN (North Battleford): Mr. Speaker, this budget has already been widely discussed, and some very divergent points of view have been expressed. By far the greater part of the criticism thus far has been respecting the financial undertakings of the government. To many members the budget appears to be somewhat of an abstract document, dealing as it does with such tremendous sums of money—sums beyond the comprehension of most ordinary people. Some of the speeches made by hon. members, such as the one made by the hon. member for Rosedale (Mr. Jackman), are obviously intended to impress the house with the members' knowledge of fiscal policies and so on. However, to me the budget still remains a human document. I feel that it is not such an abstract thing as some people might imagine it to be.

In looking through the minister's speech as recorded in *Hansard* it seems to be a living document expressing the life and the lifeblood of the nation. It is a word picture of our people, of their problems from day to day. It expresses in no uncertain terms both the heights and the depths of their achievements and their possibilities. It expresses also their assets and liabilities, their dreams and failures, their hopes and defeats. The highlights of the budget of course are seen in the vast volume of production that has rolled from our mines, our forests, our farms, our shops and mills, wherever the labour of our men and women has been applied to the natural resources of this great country. That results naturally in the height of the national income which has been achieved.

I felt it was a good thing that the government had not considered only the financial war effort. As our allied armies have pressed forward the government undoubtedly has thought of much longer term problems and has presented them in this budget. It dealt with such things as getting rid of restrictions imposed by the War Exchange Conservation Act, and there was also the repeal of customs duties and the war exchange tax on agricultural implements. All of these endeavour in some degree to better the conditions of our people. With regard to the changes made in connection with agricultural implements I shall have more to say a little later.

It is evident also that the government has given much thought to the two great groups within Canada, business and labour, on this question of taxation. I have no doubt that the outstanding problem presented to the government on behalf of business was the lack of sufficient liquid funds for the conversion of industry to peace-time production. I am perfectly certain in my own mind that their problem is not as great as it was represented to be. The government has been more than generous in what it has done to recognize their problem and to make allowance for it.

There have been widespread protests from the labour movements in the past which make it clear that the taxation policy of this government has not been satisfactory and has not been endorsed by our labour groups. The tax policy, together with the enforcement of the wage ceiling, has undoubtedly acted as a brake upon production. That is not just my statement; it is a statement made by responsible leaders of the trade union movement. To remedy this condition the budget provides for the elimination of the savings portion of the income tax. Personally I believe that this problem could have been tackled in another way, in a way which would have proved more satisfactory to the labour forces. The workers have always been a little afraid for this refundable portion of the tax and I think something should have been done to allay their fears. It would have been better if the workers could have continued to have a certain portion of their taxes put aside and refunded to them in order that they would have a certain amount in post-war days. But no bond or certificate was given to the workers to represent this refundable portion of their tax. I believe if the government had issued a certificate or a small ticket each time a refundable portion of tax was paid the worker would have known quite clearly that the money would be returned. This would have had a much more satisfactory effect. Only this last year we have issued $10,200,000 worth of war certificates, which is an indication that the workers are anxious to save whenever it is possible for

them to do so. By having a certificate they feel quite sure that their savings will be returned to them.

Another method of handling this problem would have been to remove the tax on overtime pay. This matter has been brought up time after time by the trade unions, and I believe they are justified in saying that the tax on overtime pay has been a bar to and has prevented overtime production which otherwise would have been made. A tax on overtime pay is no incentive to extra production.

As I said before, in my opinion the budget amendments with regard to the refundable portion of the income tax and the taxes on agricultural implements are good, but I am wondering just how they will affect my own people. I am inclined to think that the benefits that will accrue to the farming people of North Battleford will not be nearly as great as we thought they might be at first. I find that in 1939 the farming people of Saskatchewan purchased roughly $10,000,000 worth of farm machinery. If we divide that by the twenty-one constituencies in the province we find that each constituency purchased some $482,000 worth. This is not a very close estimate, but it gives a general idea. I believe my constituency would fall below that average, because the great majority of the farms in North Battleford are small farms. When you consider what was spent in 1939 you realize that even with the lowering of the tariff the people in my part of Saskatchewan are not going to benefit greatly in their purchases of farm machinery. Some of them may save a little money on the purchase of machinery, but in my opinion it is quite possible that the money thus saved will have to be used for the payment of income tax. They will be little better off after all. I think it would have been preferable if the government had retained the compulsory savings portion of the tax but had removed the tax completely from the lower brackets. That would have given greater aid to my people.

As I say, to me this budget is a living document because it gives a picture of the inequalities which exist within this country. I do not think anyone will deny that the farm people are receiving a little better income. Our farmers acknowledge themselves that things are a little better. But the undeniable fact remains that as a group our farmers do not yet receive their fair share of the national income. This fact has been stated many times, but it should be reiterated just as long as these inequalities exist. It is your duty, Mr. Speaker, and it is my duty and the duty of all members of this house, to try to eliminate those inequalities and to see that this group of people, who have contributed so much to the cause of the united nations and to Canada generally, receive a just and fair return.

In my opinion what is needed by way of policy is something which will increase the income of the farming people. That would be the greatest spur to production. It would be an assurance of increased health and well-being on the part of the people, and would increase their willingness to share with the rest of the nation the burdens of this war. I do not see how any hon. member can argue that a man should be expected to pay income tax if he is not able to provide adequately for the bodily requirements of himself and his family, and I submit that the present lowest bracket of the income tax does not allow for those decencies of living which this nation should assure its people for their health and well-being. If the minister argues that by the elimination of the refundable portion of the tax inflation will not be increased, it seems to me the same argument applies to the elimination of the tax on the lowest income brackets. In my opinion the lifting of the lowest brackets would have provided more assistance to our people than the elimination of the refundable portion of the tax. Together with higher price guarantees to our farm people, floors underneath farm prices, the definite guarantees of foreign markets, it would have gone far to correct the inequalities of income which still exist among farmers by contrast with those engaged in other industries.

In looking over the ministers' speech of June 26 I notice that he especially recommended that a commission be set up to inquire into certain matters having to do with fiscal policy. He mentioned particularly the tax on annuities and the matter of succession duties. I wish the minister had gone much farther. In my opinion the reference is not nearly broad enough. We have a tremendous task before us in facing the problems of the transition from war to peace in a changed world. The recommendation to set up a commission is an excellent one, but such a commission should not narrow its activities to such things as the taxation of annuities and succession duties; it should make a complete and comprehensive survey and receive submissions from all the various groups with regard to their ability to contribute to the national income. Such a commission could study with great advantage —and the inquiry should begin immediately— the whole range of taxation with a view to revising the tax structure to meet the needs of a changing economy. I personally believe that

the tax on personal incomes will and should remain the backbone of any taxation system, but we have to see to it that it is graded far more equitably than at present in accordance with ability to pay.

I have made these few remarks this afternoon with the purpose of looking to the future. On several occasions I have listened to speeches made by members of the C.C.F.; I have in mind particularly a speech made the other evening by the hon. member for Yorkton (Mr. Castleden). He spoke of the depression; he enlarged on the difficulties which occurred through the thirties; to be quite honest, to me it was a speech ad infinitum, ad nauseam. After all, the hon. member for Yorkton was engaged as a teacher during the depression period; he at least was sure of a living. I could easily occupy not one but many forty-minute periods by talking in this chamber, with far greater knowledge than the hon. member for Yorkton, about the years of the depression, because I know of these things from personal experience and the experiences of my neighbours. But to what end does anyone to-day get up to speak about the suffering in Canada through the thirties? Why should I add to the story? Already volumes have been written and spoken on the subject. What good can it do to turn our faces to the past? We are living in the year 1944. It seems to me that those who harp upon the difficulties of that bygone period can only destroy the belief of Canadians in their own ability to go forward. We have emerged from the trials of past years, and now the problems of war are with us; but our faces must be turned towards the future, and any criticisms of the budget or of any government measure should be with a recognition of what that measure can contribute to the future of Canada. In this crucial period of the world's history through which we are passing, those leaders of the C.C.F. who within this house have been contending that unless we have socialism here after the war we must necessarily revert to those terrible times of depression, exhibit an utter inability to understand the changing pattern of the world in which we live.

I am sorry to say these things, but I have to be honest about it; it is far better for me to make these remarks here, where you, Mr. Speaker, and all the world can hear them, than to make assertions at the hustings, as some C.C.F. speakers have done in my part of the country, where it is impossible for anyone to reply. I like to make statements in a place where they can be discussed. I hope I shall never be guilty of so misleading the people of Canada, or show such immaturity of political thinking; such an utter lack of a scientific approach to the dynamics of social change, as to assert that the only alternative for Canada is socialism or depression. I cannot help saying that such an attitude shows, to my way of thinking, an absolutely infantile analysis of the future which is possible for the Canadian people. To say that these are the only alternatives is to base one's thinking on something which is wishful and utopian; it has no reality, no basis; there is nothing concrete about it. I want definitely to dissociate myself from any who have spoken in such a way.

I have a belief, Mr. Speaker, in the future of Canada and Canada's people. I believe in the ability of Canadians to plan to go forward, to create their own future, as they are quite capable of acting unitedly in this crisis. Statistics show that we are not the nation we were in the hungry thirties. Is there to-day any hon. member, to whatever political party he belongs, who is not proud of the fact that in the year 1944 Canada, with a population but little over eleven millions, stands first in the production of nickel, of newsprint, of asbestos, of platinum, of radium; second in wood pulp and in gold; third in aluminum, in copper, in zinc, in cobalt, and in silver; fourth in wheat and in lead? Do these figures not indicate the vast possibilities which lie within the range of the development of Canada, especially since we know that the Prime Minister has declared himself in favour of supporting the policy of the united nations and is pledged to preserve peace in the world, to lower tariff barriers, to establish trade relationships, to give the people of Canada the opportunity of maintaining and even increasing the great volume of production which the war has made possible? Certainly no defeatist talk on my part shall destroy the faith of the people of Canada or the boys overseas in themselves and in their ability to go forward.

I do not want to paint a picture of the necessity of chaos, because I do not believe in the necessity of chaos. I believe that those who are painting a picture of nothing but depression are indulging in wishful thinking because they believe that by painting chaos some party advantage may be gained. The problems of the future are above party; they are the concern of all men and women who call themselves Canadians. For my own part I cannot think of anything finer to do than to work, to plan and to fight for sane and sensible and workable measures to bring security and a greater amount of happiness to all, since

that is the immediate and the most practical thing that is needed to make Canada a great nation.

Mr. J. G. DIEFENBAKER (Lake Centre): In rising to speak in this debate, may I begin by expressing my pleasure, as well as that, I am sure, of all members in all parts of the house, at the fact that the Minister of Finance (Mr. Ilsley), who has carried a very great load during the period of the war, has been restored to his usual good health.

I intend this afternoon in the main to deal with the various matters that were raised by the Minister of National Defence (Mr. Ralston) respecting man-power and generally with regard to selective service. With much of what the minister had to say in regard to the great war effort of this nation, in production and in the utilization of available man-power, I am in accord, as are members in all parts of the house. I join with him in the praise which he has given to the Canadian forces overseas for the wonderful advances they have made during the period of one year to which he refers. One year ago to-day these men in Sicily began an advance which has been spectacular in its success and a matter of great pride to the Canadian people and of great influence in determining the final outcome of the war.

But as I listened to the Minister of National Defence to-day, I had the impression that he felt he was not advancing the best possible arguments to support the government's man-power policy; for gone was the fire, the enthusiasm, the cogency and the power of description which so often characterized him in the past in reporting with regard to the man-power of the nation. He referred to the success of the voluntary effort during the past year or fifteen months. If I understood him rightly, he said that there were sufficient reinforcements to carry the Canadian people to the end of the present year. While he was speaking of the sufficiency of reinforcements, I found it difficult to understand the speeches that had been made by Brigadier Mess and the activities that are taking place all over the dominion with a view to securing the volunteering of those who have been called up under the National Resources Mobilization Act. In my opinion the minister's statement to-day as to the sufficiency of reinforcements is a denial and a repudiation of the activities of General Pearkes, of Brigadier Mess and of Major Jarvis, the district recruiting officer for military district No. 10. The attitude of the minister and of those who serve under him seems to be almost Janus-faced. The minister says, in effect, that Canada is not faced with a serious situation with regard to reinforcements, and is securing the necessary men. But the minister's responsible officers, by their activity, yes, by their very words, declare that what the minister says is not in accordance with the facts. The minister says that there are sufficient reinforcements, but his officials, by their appeals, and by their actions, give an answer directly to the opposite effect.

The minister to-day says that as far as the home defence army is concerned it is doing a very useful work in this country. If I took the proper figures, there are 73,000 in the home defence army, of whom 50,000 are available as a pool for overseas service, of whom 35,000 are engaged in operational work, 13,000 in depots, 13,000 in non-operational work—

Mr. RALSTON: 4,000 in depots.

Mr. DIEFENBAKER: I beg the minister's pardon; yes, 4,000. There are 7,000 on leave or doing assigned work.

An hon. MEMBER: There are fourteen thousand in training centres.

Mr. GARDINER: Not 13,000 in depots.

Mr. RALSTON: Non-operation.

Mr. DIEFENBAKER: Non-operational is what I said. The minister says, in effect, that these men are doing good work, that they are performing useful duties, that if they were not there it would be difficult to have the work done; yet at the same time, while he says that, his officers throughout the dominion are trying to get these men who are doing that useful work to enlist for overseas service. If that campaign were successful, if from 80 per cent to 100 per cent of those in the N.R.M.A. army actually volunteered, I should like to know how the work would then be done which these men are doing; that is, if we carried the minister's argument to its logical conclusion.

I do not like the attitude of the minister in castigating those who believe that the policy of the government is not the proper one for this country. We in the opposition have set out our views in the amendment that was moved by the hon. member for Dufferin-Simcoe (Mr. Rowe) in these words:

> (f) that the government has failed to make effective the full mobilization of our financial, industrial and material resources, as well as our man-power, but is maintaining a so-called home-defence army at a cost to the taxpayer in excess of $150 million per annum, at a time when the need for men for army reinforcements, for farming and for industry is so urgent.

The minister did not deny the cost; he did not deny that it was costing the people of this country that large amount of money, but he

endeavoured to answer us by placing those who raised the standard of a greater war effort on the part of this country in the same category as those who refused to serve and those who refuse to support the war effort. That is the position in which he put us, and that I resent on behalf of those associated with me.

The minister said that the only class worthy of commendation is that which does not speak and write to the newspapers. They are the ones who do not want this explosive issue raised at this time. Well, I ask the minister to go to the legislature of Quebec and see what happened there on April 26. At that time the legislature of that province passed a resolution saying, in effect, to the government of Canada that they shall not bring into effect national service in this country. Why? I ask him to speak to them when he endeavours to castigate us on this matter. I ask him that and I give him the opportunity to reply at this time, as I do the other ministers.

Mr. GARDINER: We do not have to ask you for the opportunity.

Mr. DIEFENBAKER: I beg your pardon.

Mr. CASSELMAN: You do, during his speech.

Mr. DIEFENBAKER: So far as the government is concerned it stands on its policy of conscription for service in Canada. Over and over again I have pointed out in this house the inequality of call-up and the inequality of service that has been ordained by this government. Does the minister accept the manner of call-up in this country? Do the members of the ministry agree that it is fair, just and reasonable that in my own military district with a tremendous record of enlistment, about three times as many are being called up under the N.R.M.A. as in other military districts with a voluntary record of one-half and less that of my province? Do the government approve that? They allow it to go on; they permit it to continue. Answers to questions are given from time to time in this house that prove that there is no equality of service ordained by the government in this dominion in its policy of call-up. I am not speaking at the moment of voluntary enlistment inequalities. I do not speak of that because no one is required to volunteer; but where it is the policy of the government and the law of the land that there shall be conscription for service in Canada, then I say that this government has no right to castigate us on this side of the house for causing disunity in this dominion; because by its own action it is doing that very thing. It is lighting fires that will separate this dominion for generations yet to come, because all too often political expediency rather than fairness and equality and the necessities of the times have dictated the application of the call-up in various parts of Canada.

Let me give the house the last return that I have received which indicates discrimination and unfairness that can only result in disunity. I have in my hand a return, sessional paper No. 1421, dated May 25, 1944. I ask the Minister of National Defence if he approves what is contained in this paper? Does he accept the principle that there is to be one degree and one standard of service in one part of Canada under the law and a different one in another part? This is the question I asked:

> How many married men over twenty-five years of age have been called up for military service under the provisions of the National Resources Mobilization Act, (a) since the act came into force; (b) since the first day of January, 1944, by (i) military districts and by (ii) mobilization districts?

The return brought down states as follows:

> This information cannot be supplied by military districts. By mobilization divisions the information is as follows.

That information shows that married men called up in Canada, conscripted under the National Resources Mobilization Act, numbered 17,666. Here is the record of the call-up:

Mobilization district—

A, London, Ontario	1,151
B, Toronto, Ontario	5,367
C, Kingston, Ontario	1,626
D, Port Arthur, Ontario	372
E, Montreal, Quebec	1,973
F, Quebec, Quebec	106
G, Halifax, Nova Scotia	787
H, Saint John, N.B.	957
I, Charlottetown, P.E.I.	213
J, Winnipeg, Manitoba	366
K, Vancouver, B.C.	2,407
M, Regina, Saskatchewan	1,101
N, Edmonton, Alberta	1,250

Is there any fairness in that call-up as far as the military districts are concerned? Kingston, which is military district C, has fifteen times as many called up as district F, which is Quebec, and the populations are about the same. The minister castigates us for causing disunity in this country; yet he permits such a condition of affairs to exist.

I pass from there, Mr. Speaker, to the matter of the total enlistment and enrolment record, and it tells its own story. The last issue of "Canada at War," June, 1944, shows the male

population from eighteen to forty-five as well as the total record of the military districts to be as follows:

	Per cent
Toronto	45·0
Halifax	44·1
Victoria	44·1
Saint John	42·1
Winnipeg	41·9
Kingston	40·2
Calgary	39·8
London	39·1
Regina	37·2
Montreal	24·4
Quebec City	18·7

The percentages include not only the call-up but the voluntary record as well. My submission, based on the returns made and the information given from month to month, is that the reason there is a feeling of resentment in this nation and a degree of ill-feeling is that this government has seen fit to substitute political expediency in the call-up in place of the principle of equality of service. Then we are castigated; we are pictured as people who cause disunity in this nation. I repeat what I have said before, that this government, in time of war, has done more to bring about disunity in this country by its failure to insist upon equality under the law than has been done at any other time in the history of this nation.

Mr. MITCHELL: If I might just say a word, because I know my hon. friend wants to be fair—

Mr. DIEFENBAKER: Certainly.

Mr. MITCHELL: When my hon. friend talks of political expediency in reference to the application of the national mobilization regulations, let me say without equivocation that there is not a tittle of truth in it.

Mr. DIEFENBAKER: All right. I place before the house the answers to the questions that have been asked as given by the various ministers. I judge on the basis of what these answers disclose, and they disclose inequality of sacrifice. If that is not based upon political expediency then I ask—and I give the minister an opportunity to answer now—upon what basis he or any other minister of this government justifies the fact that in my province, with its magnificent record of enlistments, two or three times as many men are being called up as in other military districts with the lowest voluntary records. I ask the minister to answer that once and for all, and give him an opportunity now. The answer is silence, and no other answer is possible.

Mr. MITCHELL: The answer is not silence. I think I am as good a Canadian as my hon. friend—

Mr. CASSELMAN: That has nothing to do with it.

Mr. MITCHELL: My hon. friend is trying to prove that I am not. As I said when my estimates were before the house, my hon. friend is an able criminal lawyer. He gets these figures to prove a point, and I am not objecting to that.

Mr. DIEFENBAKER: Are the figures correct?

Mr. MITCHELL: I want to say to my hon. friend very frankly that there is no different treatment as between sections of this country. My hon. friend takes good care to protect his own part of the country, with which I am not as well acquainted as he is. He takes very good care to do that, but I want to tell him that there has been absolutely no different treatment in any part of this country. There may be differences arising from the fact that a certain district is largely urban or rural; there may be differences because there are more single men in one section of the country than in others. My hon. friend was very careful to quote the number of married men from one of these returns. The hon. gentleman fails to state that some of these districts take in parts of other provinces. He has a satanic smile on his face at the moment, as he tries to play politics.

Mr. DIEFENBAKER: I know the minister did not mean to use that word, and I should like him to withdraw it.

Mr. GRAYDON: Perhaps the minister was looking in a mirror, and we might let it go at that.

Mr. DIEFENBAKER: No, Mr. Speaker, I am asking for a withdrawal of that remark.

Mr. MITCHELL: If my hon. friend is hurt I withdraw it; but I liked his smile.

Mr. DIEFENBAKER: The answer the minister gives is the only answer that can be given by those who realize that they are wrong; that is, abuse. The returns stand unanswered. The records are here and they reveal the situation. The minister says that it is difficult to know whether or not the same number of men are available in the various districts. I ask him to compare the records as they appear in "Canada at War" for February, 1944. They show that the number of available men in the Kingston military district, No. 3—

Mr. MITCHELL: Military district No. 3 takes in part of Quebec.

Mr. DIEFENBAKER: Yes, four counties.

Mr. GARDINER: Mr. Speaker—

Mr. DIEFENBAKER: I must have touched a sore point to bring on all these interruptions.

Mr. GARDINER: My hon. friend has challenged us on two or three occasions.

Mr. DIEFENBAKER: I have the floor, Mr. Speaker.

Mr. GARDINER: A moment ago my hon. friend challenged us and said that he would grant us the floor. If he does not want to do so, that is all right; but military district No. 3 includes part of the province of Quebec.

Mr. DIEFENBAKER: That is quite right. At least I have been able to bring the ministers in on this; they are here, and are actually answering. According to the figures, in February, 1944, there were 187,000 men between the ages of eighteen and forty-five in military district No. 3, while in military district No. 5 there were 214,000 men between these ages. In other words, there were more in military district No. 5 than in military district No. 3, which accentuates the point of unfairness I am endeavouring to make, that almost sixteen times as many men in district No. 3 were called up as were called up in district No. 5.

Mr. MITCHELL: You are dealing with married men.

Mr. DIEFENBAKER: Those figures speak for themselves; they tell their own story. There they stand, embalmed in the records of this country, and they support the contention of His Majesty's Loyal Opposition that there is not equality of call or anything approaching equality of sacrifice in this country to-day, owing to the failure of the government to endeavour to bring about that equality. All the records show that the conclusion of inequality to which I have come is entirely in accordance with the facts. The minister has stated to those who are in the home defence army that they are performing a very fine and necessary service. That being so, I ask him why and under whose authority Major Jarvis, district recruiting officer of military district No. 10, sent out the famous letter of June 20, 1944, in which he said in part:

> If when you report you elect to be enrolled in the home defence army rather than volunteer for the active army you will be subject to all the discipline and routine of army life, but will be rendering no service to your country in this hour of crisis.

That was the attitude taken by Brigadier Mess in the two remarkable radio addresses which he delivered. Were those men speaking with the authority of the government? Does the government have one attitude in the House of Commons for the country at large and a different one to be displayed by officers of the Department of National Defence when they endeavour to obtain recruits for the active army?

I should like to make one more point; it has not been dealt with as yet, and it does indicate that as between the Department of National Defence and the Department of Labour there is a very great void. Having regard to the shortage of man-power—according to Mr. MacNamara and the minister 150,000 men will be required this year, in addition to some women—I feel that we should endeavour to mobilize the man-power pool of Canadians in the United States. No one knows how many there are or how many have gone over in recent months, although I remember that only a few weeks ago the Minister of Labour, in an endeavour to explain the "lost legion", expressed the view that a considerable number might have gone to the United States.

Mr. MITCHELL: Many Americans have joined the Canadian Army, and have come over here.

Mr. DIEFENBAKER: We have statistics which show the pool in the United States. On June 2, 1944, I received sessional paper No. 206G from the Department of Labour. I had asked:

> How many male citizens resident in the United States between the ages of eighteen and thirty-eight, who had not declared their intention of becoming citizens of the United States, are estimated to have been or to be subject to service in the Canadian armed forces, (a) as of January, 1943, (b) as of this date.

They did not know; that is what the answer indicates, because the answer given was:

> As of December 31, 1942, there were 7,938 men in the United States armed forces who, upon enlistment, declared themselves to be Canadian citizens.

Then, further on:

> From January 1, 1943, up to February 29, 1944, there were an additional 5,485 men in the United States armed forces who, upon enlistment, declared themselves to be Canadian citizens.

What does all this add up to? It shows that there have enlisted in the United States some 13,400 men. That is no answer at all with respect to the question, and the inference is that the Department of Labour did not know there were any more.

I had asked the same question—and this is one thing to which the minister has always

objected; for he says that members should not ask a question more than once, because they are apt to get different answers.

Mr. MITCHELL: I never said anything of the sort. What I did say was that my hon. friend changed his dates. He shifts his dates.

Mr. DIEFENBAKER: We will just see whether the date was changed. In return No. 124, brought down on January 27, 1943—

Mr. MITCHELL: Sure, sure.

Mr. DIEFENBAKER: —the answer was given by the Department of National Defence that there were then in the United States estimated to be 91,800 male Canadian citizens between the ages of eighteen and thirty-eight, who had not declared their intention of becoming citizens of the United States. There were 91,800 on January 27, 1943, when I asked the question; and when I asked this year how many there were as of the same date the Department of Labour was not able to give an answer, although pointing out that some 13,000 had enlisted.

In all seriousness, if we do not take into consideration the number who have wandered across the international boundary line in the last year, there are still in the United States men available for service either in the United States or in the Canadian Army to the number of approximately 78,000, men between the ages of eighteen and thirty-eight.

I suggest that, having regard to our present situation, with the man-power situation as it is, serious attention should be given now to their mobilization, and that something should be done toward ascertaining how many have gone to the United States during the last year, with a view to bringing them back to this dominion.

So far as the man-power situation is concerned, I think one can sum it up in the words of the Minister of Finance, where he said:

> As long as this war goes on, as long as Canadian lives are at stake, we here must not let down in any phase of our war effort. The burden of our responsibility is heavy indeed—but given the will to succeed, we have the strength to carry it.

We shall not have that will if we have not leadership which sets aside political expediency and ensures equality of service in this country. All we have had in the last year, so far as selective service is concerned, has been a series of attempts by regulation by the Minister of Labour to meet the situation. But he has not been given a free hand. It has been a bits and pieces programme. The man-power policy fails to direct itself to the serious matter of mobilization of all the man-power of this country, and it cannot be made solvent by monthly or even weekly infusions of new regulations. We are getting new regulations every day. The papers are full of them. But when it comes to facing the issue which must be faced, to pass the requisite regulations or orders in council, the government does not act.

As members of parliament we have a tremendous responsibility. We must face the challenge, and assure our people that both after and during the war mutual faith among all classes of our people can and must be substituted in place of suspicion which, too often, characterizes our people in the different provinces. Conditions which cause separation between provinces must be guarded against, and it is my submission that the establishment of equality of privilege with equality of responsibility is an assured way whereby unity can be brought to this nation.

Then, too, all of us must face the challenge that we can assure security with freedom, for unless we reverence freedom and maintain freedom the prospect following the war will be a fearful one. I believe it will be agreed by all that we must not compromise our basic way of life. We must resolutely refuse to sacrifice our freedom in return for a promise of economic security, for history has shown that economic security, without freedom, is meaningless and dangerous to the continuance of our democratic way of life. We in the house have a right and duty to face any infringement or invasion of our rights and freedoms, for if we lose our freedom in the House of Commons, if we lose our inalienable rights as members of parliament, then freedom in this nation will be destroyed.

I do not intend to do anything which would transgress the ruling made by you, sir, the other night, by a discussion of the merits or demerits of a speech delivered in another place by Senator Bouchard. But I do say, Mr. Speaker, that when freedom is interfered with in parliament, members of parliament, regardless of political belief, must resist any invasion of their prerogative rights and privileges. Never since 1764 in Great Britain has there been any invasion of the rights of a member of parliament to speak as he feels, to utter words that he believes must be uttered and to carry into effect the noble words of Burke, placed on *Hansard* in this debate by the Minister of Justice (Mr. St. Laurent). Yet the Prime Minister, who so often in the past has spoken of the necessity of upholding the privileges of parliament, has remained silent at the most serious infringement of and challenge to parliame tary free-

dom that has taken place anywhere within this empire in a hundred and eighty years. Parliament cannot remain silent.

I have before me the report of the United Kingdom committee on the Sandys case in 1939. Sandys, a son-in-law of Winston Churchill, was alleged to have contravened the provisions of the official secrets act. He was to be called before a military board to give evidence, and a committee of parliament was set up to determine the extent of parliamentary privilege. The report of that committee concludes with these words:

"Parliament without parliamentary liberty," says Pym, "are but a fair and plausible way into bondage. Freedom of debate being once foreclosed the essence of the liberty of parliament is withal dissolved."

I have looked over the records of history disclosing the fight that has taken place over the years waged by members of parliament to assure the maintenance of their right to express themselves as they would without punishment outside parliament. Those liberties and rights go back a long way. The first example was in the reign of Henry VIII when one Strode was prosecuted for having introduced a bill in the House of Commons. He was fined and imprisoned, but thereupon an act was passed declaring that he was within his rights and could not be punished for exercising his parliamentary rights. Then was established the freedom of a member of parliament to speak without danger of punishment.

Then in 1629, during the days of Hampden, Pym and Eliot, Eliot was prosecuted, and again the right was established that what is spoken in parliament can be judged only in parliament and nowhere else. The principle was redeclared that what is spoken in parliament cannot be dealt with outside parliament. Then, of course, there are the provisions of the Bill of Rights which are declaratory in part of parliamentary privilege. The outstanding and final declaration occurred in 1764 when the king dismissed a general from his position as groom of the bedchamber because he had dared as a member of parliament to speak and vote as he wished. I quote from Anson where it is stated:

The practice was very shortly afterwards discontinued; in fact Burke claims credit to the Rockingham ministry of the following year for having "abolished the dangerous and unconstitutional practice of removing military officers for their votes in parliament."

When a man speaking in parliament is punished outside parliament—

Mr. SPEAKER: I have given a good deal of latitude to the hon. member who is, I would say, in an oblique way dealing with a question which was dealt with in the other house. The hon. member is protesting against action taken outside parliament because of a speech made in parliament. He has referred to the Sandys case, which is the most recent one, but the hon. member will recall that he was a member of the House of Commons in England and he had spoken in the House of Commons. The hon. member is now dealing with a matter which is not within the House of Commons, but which arose in the other chamber. I objected to the hon. member for Parkdale (Mr. Bruce) making reference before to this matter, and I think the hon. member is trespassing very much upon the territory which the hon. member for Parkdale was trespassing upon.

Mr. DIEFENBAKER: I did not intend to trespass in any way. I was not dealing with the speech; I was dealing with the question of the principle involved in punishment outside of parliament for words spoken by a member in parliament. I have never transgressed Your Honour's rulings in this house in any way, nor have I endeavoured to trespass in any way.

As to the budget I have not dealt with the financial details because I shall deal with them when we are in committee. Suffice it to say that we of His Majesty's opposition are one with the members on the side of the government, that whatever expenditure must be made shall be made to the end that victory shall be attained and to the end that the freedom for which we fight shall be maintained. I suggest that a great responsibility rests upon us to assure not only that freedom shall be maintained but that where there are infringements of that freedom, they shall be condemned.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, in this debate we should not be considering Henry VIII and Senator Bouchard, we should be considering the amendment moved by the hon. member for Dufferin-Simcoe (Mr. Rowe), paragraph (f) of which reads:

(f) that the government has failed to make effective the full mobilization of our financial, industrial and material resources, as well as our man-power, but is maintaining a so-called home-defence army, at a cost to the taxpayer in excess of $150 million per annum, at a time when the need for men for army reinforcements, for farming and for industry is so urgent.

That is the part of the Progressive Conservative amendment which has been discussed this afternoon. The hon. member for Lake Centre (Mr. Diefenbaker) appeared to

be more illogical than ever. He said he supports the amendment; he spoke against it and apparently he will vote for it. I cannot understand him. If he made a speech of that kind in Saskatchewan, his own province, then I am not surprised that not only has his party been wiped out but all remembrance of it has been wiped out in the last provincial election.

Who has power of attorney to speak for the Progressive Conservative party? Did the hon. member for Dufferin-Simcoe, a former privy councillor in the Bennett cabinet, have power of attorney to speak on behalf of the forty odd members of that group? Or, on the other hand, is it the hon. member for York-Sunbury (Mr. Hanson), the hon. member for Vancouver South (Mr. Green) or the hon. member for Lake Centre (Mr. Diefenbaker) who is the legitimate loudspeaker for the party? They are all entirely different.

On the one hand we have the hon. member for Dufferin-Simcoe, who is a farmer, saying that we have a reserve army which is of no use, which costs much money, $150 million a year, and which should be sent back to the farm. The three other hon. gentlemen take entirely opposite views. The hon. member for Vancouver South, who is a personal friend of mine, and the hon. member for Lake Centre, who is a personal friend of mine, have had certain military experience, but as far as the hon. member for York-Sunbury is concerned, he and I are on an equal footing. Neither one of us has had practical military experience and therefore my word is just as good as his.

Then there is another one who comes from behind; there is the former Mr. Justice McTague who replaced Mr. McArthur as national chairman of the so-called Progressive Conservative party . He made a statement and then changed it. Who is the spokesman? Is it Mr. Bracken? Is it the former Judge McTague? Is it one of the three hon. gentlemen I have just mentioned? Is it the hon. member for Dufferin-Simcoe? This is the most nebulous performance we have witnessed since the beginning of the session.

There is something in what is said by the Conservative spokesman for the jingoes, imperialists and the other crowd, on the one hand, and what is said for the farmer, on the other. The farmer is told that they have come to his rescue with the amendment to the budget, in which it is said that the men from the reserve army should be used on the farms. This is the old story of double words —one kind of speech for one kind of people and an entirely different kind of speech for the other kind of people. If the hon. member for Dufferin-Simcoe was serious why did he not support us when we were moving amendments for the defence of the farmers, showing the importance of the farmers on the land? But the members of the Progressive Conservative party voted against us as one man. If the Progressive Conservatives are sincere in saying that they are the friends of the farmer, let them explain their treatment of Mr. McArthur, a prominent farmer of Huntingdon county, who was hailed as the coming national Conservative chairman but was afterwards replaced by that smart Aleck, Judge McTague, who is thus described in the Toronto *Telegram* of June 29:

> Dressed in natty striped grey flannels, with tan and white shoes and white socks, the party's national chairman displayed an engaging willingness to answer every question put to him.

Here is the man who said that the reserve army should go to the front; but afterwards he backed up; that was not exactly what he meant; he meant something different. Let them tune their violins. Let us know what is the policy of the Conservative party. I know very well that the Conservative party is dead and has been buried for a long time. They do not call themselves Tories, these remnants of the party; they call themselves Progressive Conservatives. I have some personal friends among them; on the human side of their personalities they are very fine fellows, but when it comes to announcing a political programme they are all mixed up. Where is their leader? Do they agree with him? What is his policy? We do not know what his policy is. He is fishing in troubled waters. They meet each day in caucus; why do they not take advantage of it to tune their violins and come into the house with a united front? They go to the right; they go to the left; they look to the right and they jump to the left. That has been the Tory policy since the beginning of this session, in fact since the beginning of the war. We have heard from Saskatchewan and British Columbia members, coming from a part of the country which is defended by young boys from Quebec, saying that Quebec is not doing her share. I am sure that the good English-speaking people of Saskatchewan, even those of foreign extraction, will be just as much scandalized as I was this afternoon to hear the hon. member for Lake Centre make the speech he did. In Saskatchewan they did not agree with him; they defeated the candidate and provincial leader of his party. My hon. friend is younger than I am; I have made more fights than he has, and I tell him that

if he has recourse to such tactics his future is doomed. I advise him honestly and as a friend to use other tactics if he wants to emerge in due course.

For the province of Quebec we have figures given in decimals. Does my hon. friend believe in decimals? Does he believe in the statistics which are supplied by any department? I do not. According to the figures supplied by the bureaucracy Quebec is the goat. Quebec is always the goat. My hon. friend does not know that the figures supplied to members of parliament are prepared by men who do not know how to do the work, whom I had to tell years ago how to do certain work. The hon. member for Vancouver South who was on the civil service committee must remember very well that I had to tell those "experts" how to do certain work, which was badly done. When the chairman of the civil service commission came before us I asked him plainly, "Mr. Bland, is this chart made out as it should be?" He did not answer me. I said, "This item at the right-hand corner, should it not be at the left-hand corner?" He said, "Yes." And so on and so on. Then I called Putman, one of the important members of the civil service commission—I do not know if he is there now—and I had to tell him what to do. I said, "I want this information to-morrow morning." "Oh," he said, "we cannot do it by to-morrow morning." "Then I should like it by to-morrow afternoon." "Oh, sir, please, it is so much work we cannot do it by to-morrow afternoon." "Then I want it done the day after to-morrow by ten o'clock." "Oh, sir, you do not know what it means. It is a tremendous amount of work." Finally I said, "Then I want it by two o'clock the day after to-morrow. Will you have it, or not?" And then he telephoned me and asked me if it was well done. I had to teach him what to do and how to do it. Without definite instructions from men who know how this work should be done, what guarantee has the hon. gentleman that these figures are correct? What I know and what most hon. members from Quebec know very well is that their counties have been drained, that there are no more men of military age left in our counties. Look at the list of unemployment insurance offices and the selective service offices. No men are applying for positions; no men are available except a few day labourers. On the other hand there are long lists of farmers and men concerned with essential industries who are asking for labour and cannot secure it.

At six o'clock the house took recess.

[Mr. Pouliot.]

After Recess

The house resumed at eight o'clock.

Mr. POULIOT: At six o'clock I had made a reference to the different statements of the national Progressive Conservative chairman McTague on two occasions—on the occasion of his nomination at Guelph and in an interview which was given to the press when he came here to Ottawa. I do not know the reason why he has been selected as national chairman. In my humble view, as in the view of many others, that man has been greatly overrated. He is just a man who has been boosted for some reason or another and he is far from being one who is serious enough to be the national chairman of a great party. I remember the time when the Conservative party was in existence. At that time there was a good man as chairman of the party, a man like the hon. member for Davenport (Mr. MacNicol), but now that is finished.

There are some observations which I wish to make. I have here a poster which was shown in the windows of large business offices in several cities in Canada and which reads:

> Canada's aid to the united nations. The value of eggs, cheese, wheat, flour, canned fish and bacon exported by Canada to members of the united nations in 1943 amounted to:
>
> | | |
> |---|---|
> | Eggs | $ 14,700,000 |
> | Cheese | 26,800,000 |
> | Wheat | 234,400,000 |
> | Flour | 66,300,000 |
> | Canned fish | 18,400,000 |
> | Bacon | 116,200,000 |
>
> Shipments of wheat to the people of enemy occupied Greece as a gift of the Canadian people up to November, 1943, totalled 7,930,030 bushels. Canada has also instituted its own mutual aid plan under which Canadian equipment, material and foodstuffs to the value of $1 billion are being made available to the united nations on the basis of strategic need.

It is impossible, sir, to contend that eggs, cheese, wheat, flour, canned fish and bacon come out of spontaneous generation.

Mr. CHURCH: It looks like an illuminated address.

Mr. POULIOT: My hon. friend the member for Broadview has always a picturesque expression to describe things. Now, sir, we have made a fight for the farmers, certainly not because we are against the war effort. There is a handful of members who have done it, and at the time when the jingoes were tightening the regulations concerning the farmers we made a fight for them in the first instance in connection with the regulations which mentioned agriculture as a seasonal occupation. We succeeded in having that important industry described also as an essential occupation; when the training was extended from one

month to four months we succeeded in having an extension of from four to six months for the farmer, and when the army regulations were changed so that the training was extended from four months to the duration, we succeeded also in having the postponement for farmers extended until further notice. Well, that was something, and the work that was done here by a handful of members who were not afraid to speak their minds helped the constituents of hon. members who are asking so strongly to send men overseas. When I addressed a fine group of men in western Ontario not long ago I said that the farmers of Middlesex county were gaining from the fight waged in parliament by just a handful of French-speaking members, and that is true of the farmers of the whole country. The farmers of Lake Centre and those in the vicinity of Vancouver, the farmers of York-Sunbury, the farmers in the vicinity of Toronto, the farmers of Quebec, the farmers all over the land have been helped by the constant efforts of members of parliament who were not afraid to ask for the exemption of farmers from any military training.

I remember at times we were howled down and called friends of Hitler just because we were thinking of real human values and of the essentiality of these occupations in war time. Opinions are free undoubtedly, but free opinions when they are contradictory cannot all be right, and we were facing all sorts of difficulties, but we were never downhearted and we took the same stand all the time, whether it was the plebiscite or the mobilization bill. On all occasions we waged the fight for the farmers; and those like the hon. member for Dufferin-Simcoe (Mr. Rowe), who is sponsoring the amendment which is now before the Chair, were always fighting against us as one man. But they did something for the farmer. They said that he should have better prices. That reminds me of something that happened when Mr. Bennett was in power. I said to the chairman one day that I had been passing through his county. It was at the time when unemployment was being discussed so much and I said I had stopped at a certain place to telephone and there was a young lady there. I asked her if she had brothers and she said she had two. I said, "What are they doing?" She said, "One is a qualified carpenter, and he has gone fishing for smelts." I said, "What is the other one doing?" She replied, "He is a mason." I said, "What is he doing now" She replied, "He is hunting ducks." That simply showed that these men who had trades could not find any work. Then, answering certain objections, I said to him, "To whom will you preach patriotism when all the Canadians are dead of hunger?" And do you know, sir, what happened? The day after, two pages of *Hansard* were gone; that does not show in *Hansard.* Instructions were given so that it would not appear in *Hansard.*

Well, now, I put the same question: Who will farm this country if all the farmers are gone? I have no objection to helping a young man who is willing to go overseas go there, to have all obstacles removed for him if it is his desire. I respect his freedom of choice; but on the other hand if there is a farmer who is essential on the farm he has to be fought for not only with regard to the revenue of farm production but with regard to his stay on the land. Sometimes we are told that we are unpatriotic, that we are bad Canadians just because we speak that way in the house, just because we say in the house what every member in whose consituency there are farmers would say to them when he speaks publicly in his constituency.

The hon. member for Lake Centre (Mr. Diefenbaker) said that with regard to some matters the minister said "yes" and his officials gave an answer directly opposite. I shall apply to these men, to Major General Pearkes, to Brigadier Mess and to all those *ejusdem farinae* what the minister has just said with regard to imperialists and jingoes. "There are two classes in this country who make it difficult: first"—and this applies to Pearkes, Mess and the others—"those who are insistent on conscription whether we can get volunteers or not. Consciously or unconsciously, they discourage volunteer recruiting by constantly keeping up the agitation, criticizing and disparaging the efforts of those who are loyally giving their best efforts to persuade and urge young men of Canada to enlist." This applies to those men, and if Major General Pearkes deserves special consideration as a V.C., I suggest that he should exchange places with my friend Filip Konowal, V.C., and come down and clean the spittoons in the House of Commons and give the command in British Columbia to Filip Konowal, V.C. I think that would be the real thing. I have been fighting alone for Filip Konowal; I want recognition for him.

Mr. RALSTON: Shame.

Mr. POULIOT: Put Filip Konowal elsewhere. We are told sometimes that some officers are not bilingual when the men speak only one other language. That is not fair. An officer must understand the language of his men. There is no reason why a man should have an interpreter to speak to at least one of his officers. There is one thing that

any hon. gentleman who has been in the army knows very well, namely, that as soon as a man gets into the army, whether he has volunteered or not, he thinks of home; he wants to go home on his first leave. He wants his leave. There have been times when leaves have been refused men because they did not volunteer.

I have here a few notes of what is being done in the line of persuasion to induce men to volunteer by making appeals to their reason. You will be surprised, sir. It is something shameful. In the first place they have one forty-eight hour leave in two months. Formerly I think they had one forty-eight hour and one thirty-six hour leave per month. In the second place sleeping-out passes of the N.R.M.A. men are cancelled. Third, permament leave until midnight is cancelled, which means that the soldiers cannot go to the movies, theatre concerts, et cetera. They cannot go to those concerts outside the camp, since they have to leave the hall around nine-thirty. Fourth, names are called in the huts at ten o'clock to prevent N.R.M.A. men from going to free movies given at the camp four times weekly. If a soldier is five minutes late he goes to the clink. Volunteers are sent to the clink only if absent for more than twenty-one days or if drunk. But if a man is called a zombie or a dead-living man is five minutes late he is sent to the clink. Fifth, access to playgrounds is forbidden to them. They have no right to play tennis, baseball, or anything. Sixth, they are forbidden to go to the beer canteen even though they are thirsty. I find that awful. Seventh, they are put in separate huts. They eat in the same kitchens but at separate tables to humiliate them. They are exposed to jeers and sneers from those who have volunteered and who say that they are cowards, do not have the guts to volunteer. Eighth, they are forbidden to attend dances, games of bridge or any other social activity for the recreation of the soldier. Ninth, free time and leisure time for others and week-ends are employed in dirty work. Sundays—that July 2—N.R.M.A. men were working with pick and shovel part of the afternoon at Barriefield, eighty miles from Ottawa.

I have a few notes here which were taken in May at the camp at Lauzon. The men had nothing to do. They were kept like prisoners in cells just because they did not volunteer, although the minister explained this afternoon that these men are doing excellent work, but they have no recreation. They are like friars who have made the three vows, and have no distraction. It is not surprising that they dislike the army and that some of them are deserters. I understand it very well. Why are there facilities for entertaining all soldiers? It is precisely to make them just as happy as possible in the army. But all that is cancelled because these men do not sign for overseas. They act in conformity with the law which is in force at the present time, and they are punished for that; they are humiliated and we are still told that there is no conscription. There is conscription, of course; there is conscription by the back door, and it has been condemned by the *Globe and Mail*. They were perfectly right in condemning it. The trouble is that we are far away from realities. We must know what is meant by conscription. If we mean by conscription, and it is the spirit as well as the letter of the law, that a man or a woman should be at the place where he or she can serve best in the war effort nobody will object to that. But the trouble is that some people understand by conscription only the sending of men overseas, paying no attention to the usefulness of the farmers, the railwaymen or the men in the munitions factories and all the men who are essential to the war effort. That is the difficulty. When a member of parliament, or a journalist or anyone else says that it is wrong, that we cannot go very far with an unbalanced, one-sided war effort, that we need a balanced war effort, then immediately that person is told he is a bad Canadian and does not appreciate what should be done during this war.

I am perhaps the one member who has said the most to try to encourage the Minister of Labour (Mr. Mitchell) and to give him a superiority complex. I still maintain, sir, that the man who must carry the burden of the man-power problem during the war is not the Minister of Defence (Mr. Ralston); it is the Minister of Labour. He should not have the position of a hyphen between the Department of National Defence and industry. He should be the judge, the man who will decide the usefulness of every man.

No complaint whatever should be favourably received unless it is proved to his satisfaction that the men asked for by the army are really needed. I cannot understand hon. gentlemen opposite, who always agree with any commitment that may be made with regard to the size of the army. They never blame the Minister of National Defence for the size of the Canadian army, which is larger than during the last war. It is out of proportion, because we are making more munitions than we did during the last war, and we are feeding more countries than we did then. Hon. gentlemen opposite do not take those facts into consideration; they are

ready to destroy this country probably just for an electoral argument. They should do better than that. They cannot go on in that way, putting politics into the question of man-power and all these other matters. It would be unbelievable. Then I should like to say that many soldiers are given punishment that is out of proportion to the offence, and when the sentence is served the men are found unfit, although they have been kept in the clink for a long time. Some men have been imprisoned for two years or more, during which time they were no good to the army or to the country. When any complaints are made, the commanding officer is supreme.

In closing, sir, I should like to define my own Liberalism by quoting a telegram which I sent to the secretary of the Liberal youth convention at Winnipeg on May 29:

Admirable and fortunate youths who sincerely believe in the Liberal creed and who have not yet lost the gift of speech, I salute you from our national capital, where my parliamentary duties are preventing me from attending your convention.

Be sure that you will remain young so long as your heart remains young. Never forget that anyone is disqualified for public service the very day he becomes vain and selfish. Always forget yourself to think of and for your fellow countrymen.

We have every reason to be proud of the pioneers and builders of Liberalism who gladly suffered poverty and humiliation while fighting the family compact. They promoted democracy and established a responsible government. Make their doctrine your own.

You will gain prestige in keeping your personality true to itself. Do not let anyone extinguish in your heart the sacred flame of enthusiasm. Take your inspiration from the immortal speeches of the great Liberal leaders of the past and compare your notes with what is said to-day.

In these materialistic times when countless opportunists worship the golden calf, do not rely on hearsay for your appreciation of current events. Weigh what is said and what is done. Remember that freedom of speech is the very essence of Liberalism. Never be afraid to make your own judgment and to defend your own views until one proves to the satisfaction of your mind that you are not right.

Do not judge anyone by what he is, but by what he accomplishes. To quote the great Laurier, be adamant with the haughty, but do not fail to be kind, generous and helpful to the sick and the needy, in order that the Liberal party never ceases to be the people's party. Public respect will be your reward.

Liberalism shall never die. Liberalism shall never be a meaningless word. If it ever became a smoke-screen for lobbyists, profiteers and theatrical producers, would it not be an outrage to the glorious past of the Liberal party?

A large number of well gifted and promising young men are in the Canadian forces. Those who will survive this terrible war and yourselves will have the duty to join together in a patriotic and common effort to establish "the new order" which everybody speaks of and which nobody knows.

The task of reshaping the destiny of our beloved country, Canada, is formidable. It is yours. Do not be downhearted. You may succeed and you will do so, but only if you are imbued with Christian charity and with a true Canadian spirit, and if you are guided by the sound principles of true Liberalism.

Mr. S. H. KNOWLES (Winnipeg North Centre): Mr. Speaker, I should like to return to the subject that is now before the house; I refer to the consideration of this year's budget, which was presented to parliament by the Minister of Finance (Mr. Ilsley) on June 26. Like other hon. members who have spoken, there are certain points concerning which I should like to congratulate the minister. I agree with him in the basic considerations which he singled out as those that had to be faced in formulating this year's budget proposals. There were four, as indicated at page 4174 of *Hansard*: first, meeting the cash requirements; second, encouraging production; third, relieving cases of special hardship in the matter of income taxation; fourth, facing up to the need of a plan for the post-war period. I feel, too, that I want to congratulate the minister upon the clarity with which he states his position as far as the post-war period is concerned. I do not agree with the position he takes, but I could wish that other hon. members would follow his example and discuss objectively and straightforwardly the basic issues before us as we look into the post-war period, instead of indulging in diatribes and criticisms of one kind or another against the principles of democratic control of industry and public ownership. Both in this debate and in the debate that took place a short time ago on the second reading of the Bank Act the minister made his position quite clear. He also made it clear that in his mind there is an issue as between private enterprise and the public ownership and control which this party proposes, and that this is the issue which will have to be settled in the immediate post-war period.

In a few minutes I shall come back to what the minister had to say along that line. Before doing so, I wish to say something about the financial proposals which the minister has presented on the basis of his first three considerations. First of all, I should like to speak about the suggestion that the compulsory savings portion of the personal income tax be discontinued. The minister pointed out in his speech that this action will mean a loss of revenue to the government in the amount of about $110,000,000 a year. In other words the minister has told the house and the

country that in the light of the protests which have been made and the grievances that need to be adjusted it is possible to make adjustments in the budget for this year to the tune of $110,000,000. Accordingly, when we in this corner of the house make certain suggestions we are not asking for money which is not there. We are merely proposing alternative ways of making adjustments with that $110,000,000. Basically our contention is that if there is that amount of money with which adjustments can be made, the full benefit of it should go to those who need it most, namely to those in the lower income brackets. That is the reason why, even though we welcome in the name of the people who will get some relief this proposal of the minister, we have contended that alternative measures would have been better. We feel that the whole amount of that $110,000,000 should have been given by way of relief to those in the lower income brackets.

When different speakers supporting the amendment of the Progressive Conservative party, and hon. members from other parts of the house, have suggested that the income tax exemption level should be raised, the reply of the minister has been that if that were done it would result in huge savings of income tax for those in the higher brackets. This was said, too, by the Minister of Justice (Mr. St. Laurent). I would point out that when the hon. member for Rosetown-Biggar (Mr. Coldwell) spoke he said that if an adjustment such as we are proposing were to be made, there would have to be an adjustment of the rates in the higher brackets, so that what was feared would not happen. In other words, there is no real argument on the point; it is just a matter of arithmetic, or a matter of adjusting the rates. We contend that if there is this amount of money with which adjustments can be made, the full benefit of it should go to those in the lower income tax brackets.

Mr. MITCHELL: Does that include the hon. member?

Mr. KNOWLES: No; I refer to a lower bracket than the one in which we happen to come. Our problem is one of a special type, as the hon. minister knows.

As a matter of fact a small portion of that $110,000,000—perhaps seven, eight or ten millions—might have been used to give a further increase in old age pensions. I mention that as being in line with what I have already said, that if there is this amount of money with which to make adjustments, certainly no portion of that benefit should go to those in the upper brackets who do not need it, but who will get a measure of relief under the government's plan. The whole of it should go to those who need it.

There are a number of details I should like to call to the attention of the Minister of Finance or, in some cases, the Minister of National Revenue (Mr. Gibson). Their work, so far as income tax matters are concerned, is pretty much allied. I hold in my hand a copy of a notice sent to an income tax payer at a Toronto address. I need not give his name, but I have the actual document in my hand. It is dated June 6, 1944, and is identified as form T-218. This notice advised the taxpayer in question that his 1941 income tax had finally been assessed, and that it had been found that when he made out his income tax return for 1941 it was one cent short. So that, according to this statement, he now owes for 1941 the amount of one cent. But the form goes on to show that, in addition to the one cent, he owes interest. I hope members of the banking and commerce committee are not listening to this, because it may put ideas in their heads. It states that he owes interest on one cent amounting to $3.33, or a total debt of $3.34.

Mr. MITCHELL: On one cent?

Mr. KNOWLES: Yes, on one cent, in two years. That one cent was due in 1942, and is now to be paid in 1944. But he must pay $3.33 interest which, according to my calculations, amounts to 16,650 per cent per annum.

Mr. MACKENZIE (Vancouver Centre): Something wrong somewhere.

Mr. COLDWELL: I should imagine that is usury.

Mr. KNOWLES: The letter goes on to say that if this request is disregarded and the money is not paid within fifteen days of receipt of notice, legal action will be taken for recovery, in court, or the taxpayer's income may be intercepted at its source by statutory powers. The notice is signed by W. S. Fisher, chief solicitor. The comment has been made that there is something wrong—and there certainly is.

Mr. GRAYDON: I guess that fellow has gone C.C.F., anyway.

Mr. COLDWELL: Well, if he has not, he should.

Mr. KNOWLES: Incidentally, this taxpayer tells me that he was puzzled as to how he should make out his return in 1942, for the year 1941. He went to the office of the income tax people in Toronto, and had them help him make it out. The one cent mistake was their mistake, in the first place.

There is another matter I would call to the attention of these two ministers. This arose out of an unfortunate experience which was drawn to my attention a few months ago. A taxpayer in Winnipeg received notice that he still owed $10 on his taxes for 1942. He was satisfied that he had paid the tax in full, and had his receipts. When he took the receipts to the Winnipeg office he was confronted with the blunt statement that his receipt in one instance did not conform to the records in the office, and he was told that he must have tampered with that receipt. The man was so incensed that he came to see me immediately, and I in turn took up the matter with the income tax authorities in Ottawa. May I say at this point that the income tax authorities here took care of the matter to my entire satisfaction and to the satisfaction of the taxpayer. In due course he was given a definite apology for some of the things that had been said to him.

But the point I call to the attention of the department is that that mistake could not have happened if a very simple change were made in the form of the receipt that is issued. What I say holds true to-day with respect to the receipts for such income tax payments as some of us are still making. The receipts have room only for the insertion of the amount in figures. There is no room for inserting the amount in words, by way of confirmation. If that very simple change were made, a change which it seems to me ought to be made in connection with income tax receipts, incidents such as the one I have described could not occur.

Another matter to which I would refer has already been mentioned in the debate by at least two hon. members. I refer to the request of parents of student nurses for income tax exemption on their account. This matter has been drawn to the attention of the authorities on a number of occasions. During the earlier part of the year I was in correspondence with both the Minister of Finance and the Minister of National Revenue. In fact, in the house on May 19, during the discussion of another matter which had some bearing on the point, I asked the Minister of National Revenue whether something was being done, and his reply as it appears at page 3087 of *Hansard* for May 19, was:

> The matter has been brought to the attention of the Minister of Finance and I know he is giving it consideration at the present time.

Well, that was not a commitment on the part of the Minister of Finance, but I must say that after that statement I was disappointed when this grievance was not taken care of under the third of the minister's basic considerations.

Mr. FRASER (Peterborough West): A different minister said it, though.

Mr. KNOWLES: But the matter had been referred to the Minster of Finance. As a matter of fact I had correspondence from him in which he made a similar statement.

Another point under the third consideration outlined by the minister has to do with sleeping-car conductors and sleeping-car porters. As hon. members may know—for most of us have a good deal of contact with these gentlemen, as we travel around the country—they are treated differently, in one income tax matter, from railway engineers, firemen, brakemen and train conductors. These latter men to whom I have referred are allowed certain exemptions for their expenses while away from home. That allowance is denied to sleeping-car conductors and sleeping-car porters. I shall not take the time to give the technical basis for the discrimination, but it seems to me that something should be done to bring the situation into line as between these two groups. Here again I was in correspondnece with the two ministers to whom I have referred, and on May 30 the Minister of Finance wrote me in reply to one of my letters about a case of this kind and said:

> I shall be glad to see that your representations are given careful consideration in the pre-budgetary discussions which are now taking place.
>
> Yours very truly,
>
> J. L. Ilsley.

That was not a commitment, but the very fact that the matter was to be given consideration made me feel that there was some hope. Again I was disappointed that the minister did not include a correction of that grievance when the budget was brought down.

Still another situation to which I should like to refer is the discrimination as between various pension plans when it comes to exemption from total income in the filing of income tax returns. This has been brought to my attention in particular by employees of the two railways, the Canadian Pacific and the Canadian National. There are some plans the payments into which are exempted from total income before income tax is paid, while there are other pension plans where that allowance is not granted. I appreciate the minister's statement on this whole matter and I have given it close study. I notice it is his intention to set up a commission to study this subject, but in the meantime these employees feel that there is a marked discrimination

against them which I feel the minister might have taken care of this year. My time will not permit me to argue the case in detail, but I hope that even yet the minister will reconsider a number of matters like this, before the budget resolutions are finally passed.

There is still another grievance under clause 3 of the minister's basic considerations. On several occasions I have raised in the house the matter of income tax deductions from the men who went to Kiska. After some considerable time the Minister of National Revenue made an announcement in which he concurred with my request. That announcement was most welcome, but there was such a long delay in making it that these men had already had taken away from them taxes which should not have been deducted. In the meantime some of these men have gone overseas, and deductions which were made in January, February and March of this year and which should not have been made, and which the government is now admitting will go back to them, are still being withheld. It looks to these men, if they live, as though they will not get these rebates until some time in 1946. I have taken this matter up several times with the department, but I urge that this matter could be expedited to an extent of which there has not yet been sufficient evidence.

I should like to turn for a moment to some of the comments I was making earlier when I congratulated the minister upon his clarity in stating his position so far as the post-war period was concerned. He has made it clear in this and other debates that he feels that the basis upon which to found post-war Canada is that of a return to the power and authority of private enterprise, private industry and private business. As a matter of fact, business itself is complaining that it is not getting everything it wants out of this budget, but at least the green light is there, the hint, the indication that if business will stick with the Liberal party it will get the full consideration it wants when the post-war period comes. The minister is unlike many other hon. members in that he faces up to the issue that has to be settled as between the return to the power and authority of private enterprise and the forward march to democratic public control of the economic life of the country in the interests of the people of Canada.

Mr. MITCHELL: What does my hon. friend mean by "democratic control"?

[Mr. Knowles]

Mr. KNOWLES: Is it the Minister of Labour who is asking that question? I believe my hon. friend knew the answer before I did.

Mr. MITCHELL: I am asking my hon. friend for the answer.

Mr. KNOWLES: I want to say to my hon. friend and to the house that I think it is pathetic, if not tragic, the kind of discussion that goes on in this house with respect to this basic issue. Members on all sides rise in their places and try to apply epithets to this party which are incorrect. They endeavour to point out that if the C.C.F. comes to power there will be regimentation, bureaucracy, loss of initiative, loss of democratic control and all that. That kind of argument is an insult to the Canadian people. The Canadian people are thinking more and more along these lines. Many hon. members do not seem to realize that there is an old adage which says that if you want to make an enemy, the quickest way to do it is to tell a friend that he is wrong. That is what some hon. members are doing to the Canadian people when they castigate the whole concept of democratic public control of the economic life of this country, in which I am glad to note the Minister of Labour is becoming interested once more.

Mr. MITCHELL: Let us have an explanation of democratic control.

Mr. GILLIS: Give the hon. member a little time when his time expires and he will give you a lecture.

Mr. KNOWLES: I have already suggested that the people of Canada are interested in the issue in which the Minister of Labour and I are interested. That interest is borne out by the results of recent elections. It might have a salutary effect to remind the members of this house how the people of Canada have been casting their votes during the past few years. We have to my right the Progressive Conservative group which is four times as large as the C.C.F. representation. There is the Liberal group with its seventy per cent of the seats, but I suggest that that composition does not reflect the thinking of the Canadian people at the present time. I have here a table which I have worked out after consulting the "Canadian Parliamentary Guide" for 1944. It shows the composition of the various legislatures in this country. This table is as follows:

	Liberals	Progressive Conservatives	C.C.F.	Social Credit	Others	Vacancies	Totals	Date of last provincial election
British Columbia....	20	11	16	..	1	..	48	October 11, 1941.
Alberta.....	1	..	1	36	18	1	57	March 21, 1940.
Saskatchewan.....	5	..	47	..	..	..	52	June 15, 1944.
Manitoba.....	24	15	5	3	7	1	55	April 22, 1941.
Ontario.....	15	38	34	..	3	..	90	August 4, 1943.
Quebec.....	59	..	..	..	19	8	86	October 23, 1939.
New Brunswick....	24	19	..	..	..	5	48	November 20, 1939.
Nova Scotia.....	23	4	3	..	..	..	30	October 28, 1941.
Prince Edward Island	20	10	..	..	..	..	30	September 15, 1943.
Totals.....	191	97	106	39	48	15	496	

Hon. members can look at that table; it will be, perhaps, more understandable in printed form than as I read it. But the significance of it is this, that although our hon. friends to our immediate right, the Progressive Conservatives, hold nearly four times as many seats in this house as we do, elected four and one-half years ago, in all nine legislatures in Canada they hold only ninety-seven seats, whereas we hold 106. In this house the Liberals still have a huge majority of seventy per cent, elected in 1940. In the nine legislatures of Canada their seats represent only forty per cent of the total. However, the figures I have given thus far are for all nine legislatures, three of which were elected prior to the last dominion election. The six which have held elections since that time are British Columbia, Saskatchewan, Manitoba, Ontario, Nova Scotia and Prince Edward Island. The totals for these six provinces, which can be taken out of the table I have already placed on *Hansard,* are: Liberals, 107; Progressive Conservative, 78; C.C.F., 105. I need not mention the representatives of other parties; they are very few. It will be noted that the Progressive Conservatives run a poor third; the C.C.F. and Liberals, neck and neck. But those six elections include three which were held in 1941. In 1942 there were no provincial elections. There have been three in 1943 and in 1944 thus far, and I suggest that these three still further underline the trend of thinking in this country. Where were they? They were in Ontario, Prince Edward Island and Saskatchewan. The people of these three widely scattered provinces returned—note these figures—forty Liberals, forty-eight Progressive Conservatives and eighty-one C.C.F. members of legislative assemblies.

Mr. MACKENZIE (Vancouver Centre): What percentage of the vote of Ontario did you get?

Mr. KNOWLES: These figures speak for themselves.

Mr. MACKENZIE (Vancouver Centre): What percentage of the vote did you get in Ontario?

Mr. GILLIS: We got thirty-four members there.

Mr. MACKENZIE (Vancouver Centre): How large a vote?

Mr. GILLIS: Thirty-four members.

Mr. MACKENZIE (Vancouver Centre): If I may be permitted to interrupt, my hon. friend is using the argument of representation by popular vote against the argument of number of members; I was asking him how large a percentage of the popular vote did his party get in Ontario.

Mr. COLDWELL: Fifty-four per cent in Saskatchewan.

Mr. MACKENZIE (Vancouver Centre): That is the last retreat of my hon. friend.

Mr. WRIGHT: It is the last election.

Mr. KNOWLES: I am sorry I have not the figures to give the Minister of Pensions and National Health.

Mr. MACKENZIE (Vancouver Centre): It destroys your whole argument.

Mr. KNOWLES: Oh, no, it does not. I do not wonder that the minister tries to give an answer, but the figures are conclusive.

Mr. MACKENZIE (Vancouver Centre): I am asking how large a popular vote the C.C.F. got in Ontario.

Mr. COLDWELL: What did you get last time for your 178 seats?

Mr. KNOWLES: In 1942, 1943 and 1944 there have been held in this country twenty-six by-elections, both federal and provincial. I am leaving nothing out; it includes the by-elections which elected the Minister of Labour, the Minister of National War Services and the Minister of Justice to this house.

Mr. MITCHELL: We were elected.

Mr. KNOWLES: Yes. I am trying to point out that we are not omitting my hon. friend, who has found a new interest in democratic public control.

Mr. MITCHELL: I should like my hon. friend to explain "democratic public control."

Mr. SPEAKER: Order. The hon. member for Winnipeg North Centre (Mr. Knowles) has the floor.

Mr. KNOWLES: Here are the results of these twenty-six by-elections over the whole country: Liberal victories, nine; C.C.F. nine; Progressive Conservative, one; Independent, one; Labour Progressive, one; Bloc Populaire, one; Social Credit, one; Manitoba Coalition, three.

But perhaps hon. members from the east might be particularly interested in the way we do it out west. An hon. member from New Brunswick says he is not interested, but I will tell him anyway. Of these twenty-six by-elections, twelve were held in the four western provinces; three were federal and nine provincial. The C.C.F. won all three of the federal, but I will group them together. Of the twelve by-elections in the west the C.C.F. won eight; Manitoba Coalition, three; Social Credit, one; Liberal, nil; Progressive Conservative, nil.

Mrs. CASSELMAN: Was I not elected at a by-election in 1941?

Mr. KNOWLES: That is correct, Mr. Speaker. If you want to go back to 1940 or 1935 you will establish a different trend.

Mr. COLDWELL: There is a change.

Mr. KNOWLES: What I am trying to show here is the present trend. I gave figures first of all showing the nine legislatures, going right back to 1939, but to get the trend I have come down to these more recent periods, and the figures I have just given are for the years 1942, 1943 and 1944 thus far.

Mr. GARDINER: What is important is the future trend.

Mr. GILLIS: It is pretty nearly time you fellows got started.

Mr. COLDWELL: This indicates the future trend.

Mr. KNOWLES: My hon. friends may have some more jolts coming to them in future months. It is because of the kind of discussions which take place in this house so frequently that I felt that these figures should be presented to hon. members, that they should realize that when they castigate us, when they run down the ideas for which we stand, they are flying in the face of the thinking of the people whom many of them still represent—"misrepresent," my leader says—because they were elected at the time of the last general election. I would hope that even yet, pending the day when there will be a new parliament which will reflect better the thinking of the Canadian people at the present time, hon. members will face up to the issues which will confront us in the post-war period, for it is obvious that that is the wish of the Canadian people.

This all arose out of my congratulating the Minister of Finance upon facing up to that issue and upon stating clearly the case as he sees it, even though I disagree with him on the stand he takes.

Mr. GARDINER: The stand you say he takes.

Mr. KNOWLES: I see that my time has just about expired. I should like to refer briefly to another matter.

When the hon. member for Brandon (Mr. Matthews) rose to speak this afternoon I thought he might deal with the matter about which he questioned the Minister of National Defence a week or two ago; I refer to the destruction in Brandon of material formerly used by the army at the A-4 centre which was closed there a short while ago. The hon. member a couple of weeks ago asked a question on the orders of the day about this. I have received considerable correspondence concerning it. In view of the fact that the hon. member for Brandon had asked the question I have refrained from raising the matter, thinking he would pursue it, and I thought he would certainly do so to-day. Apparently he has accepted the minister's answer, which he made, I believe, on Friday, to the effect that these things—enamel ware, porcelain ware and so on—were destroyed for medical reasons. One of the correspondents I have had in connection with this matter from the city of Brandon is a medical doctor. He of course, as might be expected, ridicules the idea that these things could not have been sterilized, and I may say that the people of Brandon, according to the information I have, and the people of Winnipeg, 130 miles away, are quite indignant over this destruction of goods which could have been used—kinds of goods which are not available for civilian purchase in Manitoba at the present time. I have in my hand a copy of the Winnipeg *Tribune* of July 7 which contains photographs of some of these goods, showing that the axe

has been put right through them to destroy them and make sure that they could not be used.

I have not the time to go into this matter in greater detail, but the answer given by the Minister of National Defence does not satisfy the local people in Brandon or the people of Manitoba generally, and I think the whole question of the disposal of army and canteen goods calls for further investigation at this stage, so that if there has been anything amiss in this incident the situation will not be repeated. I am perplexed to understand it in the light of the action which this parliament took in setting up the War Assets Corporation. I wonder why it is that these goods were not declared surplus and turned over to that corporation for sale or disposal in some orderly way. It has been called to my attention that some of these articles such as coal scuttles, garbage cans, et cetera, which missed the axe when they were thrown on the dump in Brandon, have been retrieved by Brandon citizens and are now being used. The people are glad to get them and sterilize them and make use of them, because such articles are not available on the market there at the present time. I hope the Minister of National Defence or the Minister of Munitions and Supply will look into this matter further, so that if there has been anything amiss it can be corrected before there is a recurrence of it.

The vote will shortly be taken, I understand. We of this group were prepared to have the debate concluded on June 29—

Mr. MATTHEWS: Will the hon. member furnish the house with the name of the medical doctor who gave him this information? Who and what is he?

Mr. KNOWLES: I am very glad to do so. He is Doctor D. L. Johnson, who is the M.L.A. for Brandon. I suppose my hon. friend—a friend, by the way, of many years—is wanting me to point out that he is a C.C.F. M.L.A. In the light of the figures I gave a few minutes ago I suggest that the case is strengthened by that fact. This gentleman is one of the by-election victors to whom I referred.

I was about to say, Mr. Speaker, that when the vote is taken on the amendment moved by the Progressive Conservatives we shall find ourselves, admittedly, in a bit of a quandary. There is much in it that is inconsistent and much in it that does not mean a great deal. Nevertheless there are in it some things with which we agree. We are therefore going to give it our qualified support and will vote for it. We regret, however, that an amendment quite as ambiguous as this should be before the house at such a time when what the people want is really something definite. I would remind Your Honour that the amendment moved by the leader of this group, which has already been turned down by the house, was such an amendment, a definite proposal as to what the house ought to do to provide for a better Canada in the post-war period.

Mr. G. A. CRUICKSHANK (Fraser Valley): If I followed the example of most hon. members who have spoken I would put a table on *Hansard* and read the rest of my speech—blank, blank, blank, blank, blank, Fraser Valley.

An hon. MEMBER: What is this one now?

Mr. CRUICKSHANK: May I say to the house, through you, Mr. Speaker, that this is not going to be a speech like most of those that have been made in this budget debate, a speech which someone reads that has been written by someone else. I have no notes; I have nothing written, and any time I have to have my speech written by somebody else it will not be made in this house. I am sorry to say that does not go for at least eighty-five per cent of the members, and I do not need to look very far afield when I say that, or in any particular corner of the house. I cannot understand how any member of this house, being a returned soldier, can refrain from taking part in this debate. I am sorry that the Minister of National Defence (Mr. Ralston) is not in the house, because what I have to say is concerned primarily with his department. Possibly there might be an election, and after hearing all the delightful figures from Winnipeg I wish to put myself on record now before that election.

Mr. Speaker, in the few years that I have been in Ottawa I have been treated with great courtesy by yourself, by the Clerk, and by every official of the House of Commons and every senior official of the civil service with whom I have come in contact, and on this occasion I wish to express my appreciation of all these courtesies that have been shown me. And let me say that I have no hope of getting a judgeship.

The reason why I am speaking now is that, as I understand, it is desired to have the vote taken to-night. I certainly would not have spoken to-night if I had thought that the vote would be taken to-morrow; I would have preferred to wait until then. However, let me say that I have listened throughout this debate in connection with the budget to everything except the budget. Everything but the budget has been discussed, and I have heard now something that I had not expected to hear discussed even by my hon. friends

from Winnipeg—the groom of the bedchamber. The reason why I am not going to vote against the government on this occasion is this. Frankly, I had expected that I would vote against the government on the budget because I did not see how I could do otherwise as a returned soldier. The Progressive Conservatives would have received my support if their amendment had been framed in different language. I would have been voting with them, but I cannot vote with them as the amendment stands. I entirely disagree with the government on their man-power policy and am not afraid to say so, but I must say at the same time that every party in this house made the same mistake in 1940. The Cooperative Commonwealth Federation did not want to take any part in the war at all.

Mr. COLDWELL: That is not right.

Mr. CRUICKSHANK: The C.C.F. would take no part in the war at all. They would not send any men overseas to fight. Well, would they wait until the enemy had come over here?

Mr. MACKENZIE (Vancouver Centre): September 7, 1939.

Mr. CRUICKSHANK: The Liberal party, however, made a mistake—and I am a supporter of the Liberal party. The National Conservative party of that day, whose name has been changed about eleven times since then, would also not take any action. The fact of the matter is that none of us was prepared to face the public and say that we would put conscription into force from the drop of the hat, although we represented the people of Canada.

Mr. JAQUES: We did.

Mr. CRUICKSHANK: I do not flatter you by calling your party a party.

Mr. JAQUES: We fought the election on it.

Mr. CRUICKSHANK: I was speaking of the main parties. However, I am glad to know that your party took that stand.

Mr. JAQUES: You might admit it.

Mr. CRUICKSHANK: I have listened to you people making your speeches about $25 a month several times and I want you to listen to my speech about $25 an hour. None of the parties had courage to face the public and say that it would put conscription into force at the very outset, as the United States and Great Britain did. We all made a mistake, and I include myself. But surely we should have the courage now to admit our mistake. There is one thing I cannot understand in public life and it is this. We speak of His Majesty's Loyal Opposition, but what do they do? If the government adopts any of their better ideas they immediately begin to cry because those ideas have been adopted, but that is what the opposition is for. The greatest mistake that any man in public life can make is, in my opinion, not to be willing to admit that he has been in error. We who are in public life in Canada, I repeat, all made a mistake in 1940 when we failed to adopt the right attitude in this matter. But to-day it is a different story. I said in 1940, speaking as an old soldier, that in my opinion one volunteer was worth any ten conscripts. I attempt to keep up to date even with my hon. friend and his programme. I keep up to date. I can change my opinion in that regard. I say now that any one man of the 29th battalion is worth forty conscripts. I am now going four times better than before. We have this army here. A short time ago I was not prepared to adopt the attitude that I am adopting here. I really believe that at least the three ministers of national defence of the government think exactly the same as I do, but they are not in a position to speak out as freely. I believe that we should immediately put into effect the order in council, except for one reason. I believe it would cause more disunity in Canada than the forty thousand men are worth.

I am very much riled when I read in the newspapers and when I get first-hand information, that has not yet been contradicted by any member of the government, that soldiers of the Canadian army have been insulted in Valleyfield and in other parts of the province of Quebec and that the civilian authorities take no steps to stop these insults. I was told the other day by a woman serving in the armed forces from one province that when they are granted their furloughs they will not go home because they fear and hesitate to go to their own districts, knowing that insults will be thrown at them for wearing the uniform. There is no use in trying to deny these facts. They are here and cannot be denied. When I say that, I know what I am talking about. Farmers' sons in British Columbia do not get the consideration that is given to farmers' sons in Quebec. I do not ask for that consideration for the farmers' sons in my riding, and I come from a farm riding. I am very proud of the fact that I come from a farm riding. We are proud of the fact that our sons are over there fighting to defend not Canada but the whole free world. We ask for no special consideration.

I do not like to say anything about the good province that I have defended every time

I have gone home, but I for one am tired of hearing this talk about unity, if unity is to be only one-sided. There are nine provinces in Canada. If we are to have unity we must have unity of the whole nine provinces, not one province against the eight. We cannot afford under any consideration to do anything that would bring on disunity now; but I want that one province to remember this, a day of reckoning will come unless a different attitude is adopted in their responsibility as a part of Canada, and they will regret it far more than the rest of Canada.

There is one thing that I heartily disagree with the Department of National Defence on, and again I am sorry the minister is not at the moment in his place but he knows my stand on it. To-day the minister told us the one great thing that we want to keep in the wonderful army is unity and esprit de corps, exactly as we had in the last war. He told us that he wanted to keep the army up to strength. I agree with him 100 per cent. He told us that in his opinion, from a voluntary point of view—and he is not only speaking as Minister of National Defence but as a soldier with a distinguished record in the last war—a volunteer far outshone any conscript. That can be checked in *Hansard* to-morrow. I agree with him 100 per cent. Where I do disagree with him and his department most emphatically is that in Petawawa to-day volunteers have to take orders from conscript non-commissioned officers. Mr. Speaker, that is not good enough in this day and age. That will not go down before the boys. Figures were quoted to-day by the minister, but I happen to know that volunteers in Petawawa and other camps have to take orders from a draftee who will not or cannot see his way clear to do his duty for his country. That is one point that rankles most with me, and I think this government would be well advised, if they wish to have any standing whatsoever with the men who are serving overseas, to rectify this at once, and to see to it that no volunteers are asked to take orders from a draftee who will not volunteer to serve his country wherever his services are needed.

Mr. Speaker, it is usually customary to praise the Minister of Finance (Mr. Ilsey) on his budget speech, but as far as I can see, everything but the budget has been discussed to-day; therefore, I prefer to praise the two ministers that I think should be given most credit in connection with the budget. I have disagreed with the Minister of Agriculture (Mr. Gardiner) on many occasions and perhaps will do so on many more; but I wish to tell him that in my opinion, as a representative of a rural riding—and I would say this in my riding before Liberal, Conservative or C.C.F. members—no other man in this House of Commons has the knowledge of agriculture that he has. I shall not always agree with him, but I wish to praise him for his part in this budget. I shall not tell the house how long I have been connected with politics, because I might be giving away my age, but ever since I have been connected with it, or ever since I remember my father speaking of it, what we were fighting for was the removal of the duty from farm implements. What happened in this budget? The present Minister of Agriculture by his steadfast fighting secured this action on our behalf.

There is another minister to whom I wish to give a word of praise, and possibly I am sticking my neck out in a political sense in British Columbia by saying this, but I do not care. I am a charter member of the Canadian Legion, and I wish to tell hon. members here that any member of the Canadian Legion is allowed to speak for the soldiers not only of the last war, but of this war. I happen to belong to a few organizations. A person can belong to an organization by right of might or by right of wealth or by some other right, but there is only one organization in Canada to which one can belong by only one right, his right of service for his king and country, namely, the Canadian Legion. Make no mistake about that. I may be criticized by some of the branches in my province in what I am about to say of the minister to whom I shall refer in a moment. He has taken a lot of criticism. He has even taken some from the city of Toronto about a hospital, but I am very proud of the fact that each and every party in this house have given nothing but praise to the present Minister of Pensions and National Health (Mr. Mackenzie) for his efforts on behalf of the soldiers. I do not always agree with the legislation he has brought down, neither do the legion. But I wish to assure the legion, through you, Mr. Speaker, that if they knew the Minister of Pensions and National Health as I know him they would know that, while we have not got all that we endeavoured to get, we would not have got half of what we have secured had it not been for the sympathetic efforts of the minister.

I wish to make a suggestion to the government. I hope there is to be a vote, although it has been intimated to me since I began to speak that there will not be one to-night. That being so, I may take my forty minutes. I should like to say a little about some of the problems of agriculture. I wish the Minister of Finance were in his place at present, because I could give him some advice

that I trust he will take. If he took it he would have a far more successful operating board in one of those temporary buildings—thank goodness they call them "temporary". Let us hope they will be temporary. In saying that I do not wish to be critical of the board. They have done wonderful work. The only suggestion I wish to make to the Minister of Finance with respect to his part in the budget is that he adopt the principle they have adopted in the United States with respect to their board corresponding to our wartime prices and trade board. In the United States their board meets with all the farm organizations and the cooperatives, not after they fix the price of strawberries—and while the Minister of Finance is not listening, I think the Minister of Agriculture is—but before they fix the price of strawberries and vegetables. The board meets with the farmers and others and gets their ideas on what they should be paid, what they think the farmers can produce for. What does our board do? They do not even meet when they fix the prices. They do not meet at all, and when they send their officials out to Brtiish Columbia they ignore them afterwards. The sad part so far as the berry growers in British Columbia are concerned is unfortunately the Minister of Agriculture was out in Saskatchewan on a forlorn mission at the time the berries were picked. I am sorry that because of the freight rates problem, or because of the heat it is not possible to send British Columbia berries here. It would be a revelation to hon. members if I could give them a real meal of British Columbia strawberries; they would remember it for a long time. I want, however, to pay tribute to one hon. member. The other day I happened to be up in the "bucket of blood", where I remarked that I had not eaten a good piece of meat since coming back to eastern Canada. One of my good C.C.F. friends, who was going back to his farm a day or two later, brought me a really good roast of beef, and I want to say that you could not get finer beef anywhere in Canada, with the exception of the province of British Columbia.

I see the Minister of National Defence is back in the house, and I want to offer a criticism. In doing so I am speaking most emphatically for the old soldiers I know. I know I am speaking for many soldiers serving overseas at the present time. I think I am speaking for the Canadian Legion. I know definitely I am speaking for the battalion of which I am very proud, the 29th, which was mentioned by the minister to-day when speaking of esprit de corps. In no less than three letters received to-day from overseas and letters from two army camps in Canada I am told that I speak for soldiers on active service both here and abroad when I say both the old soldiers and the soldiers engaged in the present war strongly resent what neither the Minister of National Defence nor any other minister can defend; that is, the fact that a non-commissioned officer of the draftee army, who does not wear the G.S., can give orders to a private who does wear it. No government, no party and no individual can defend that as far as I am concerned.

I have another suggestion to offer the minister. According to this week's issue of *Time* the government of the United States is giving its soldiers another raise in pay. Speaking from memory I believe it is to be $10 a month for the highest grades in the infantry, and it is estimated that seventy-five per cent of the infantry will come within that category. I want to recommend to the minister that he immediately increase the pay of members of the active army serving in theatres of war by fifty cents a day, to be given either as a deferred payment in the form of war savings certificates or in the form of a life insurance policy. Do not let the sound money men talk you out of it; pay no attention to the Bank of Canada. I am sure the people of Canada will be behind you. You cannot buy patriotism, but you can reward gallant service. You will have the support of all the people, no matter what their political party. The people of Canada will never begrudge an extra fifty cents a day to our fighting men. You cannot pay for the sacrifice a man makes when he loses his life, but you can give him some reward in this way. I want to urge this upon the minister for his consideration, and I do not believe it could be classed as a bribe to anyone. It is our duty to differentiate in some way between those who are offering their lives and those who are staying at home.

Mr. R. W. GRAY (Lambton West): Mr. Speaker, speaking in the house last session on the subject of man-power I said that I agreed with those who had declared that in a free society the obligations and privileges of military training should be shared generally under a fair and just system of selective compulsory service without geographical restriction. I am convinced now, as I was then, that this is the correct policy. I read afterwards that I was as a voice calling in the wilderness, and perhaps it might have seemed that way because, if I remember aright, I received very little support from hon. members sitting in this house in opposition to the government. The exception, as was mentioned a few moments

ago, was the New Democracy party which, ever since the outbreak of war, has urged that there should be compulsory selective service without geographical restriction. As for the Cooperative Commonwealth Federation, the only group in this house which opposed as a group the passing of what was then known as bill No. 80, the National Resources Mobilization Act, introduced by the government to remove the restrictions with respect to service overseas, and which party, as my hon. friend has just said, was opposed to the sending of any expeditionary force to the aid of the motherland after the outbreak of war in 1939, that party stands indicted to-day by its failure to meet the challenge and perform its duty when called upon at that time. I propose to place on record the words of the leader of the C.C.F. party speaking in this house at the war session of 1939, as they are found at page 55 of *Hansard* of that year:

> In view of these considerations, the Cooperative Commonwealth Federation believes that Canada's policy should be based first on the fundamental national interests of the Canadian people, as well as on their interest in the outcome of war. Canada should be prepared to defend her own shores, but her assistance overseas should be limited to economic aid and must not include conscription of man-power or the sending of any expeditionary force.

I repeat, "or the sending of any expeditionary force." What hope have we, therefore, from a party which in time of peril would interpret Canada's interests in the most narrow and restricted sense; a party which, at the very moment British, Canadian and United States troops were struggling to maintain a foothold on the Normandy beaches, in conference assembled, presided over by a leader of the party and having as its guest the hon. member for Cape Breton South (Mr. Gillis), would pass the following resolution:

> Whereas the C.C.F. is a socialist party, and whereas the official policy of the British labour party of coalition with the Conservative party compromised the working class struggle against capitalism in Great Britain, therefore be it resolved that the Quebec C.C.F. declares strong disapproval of the continuation of its policy of collaboration with the capitalistic government of Great Britain.

Instead of condemning, let us give credit to the labour party in Great Britain which, in the empire's darkest hour, was willing to postpone for the time being its hopes for the future in order to retain the objectives already won. To-day I find some support from the official opposition, but it is a timid support tucked in at the very end of a long resolution moved in amendment to the budget, and only conceived after forty-seven days of almost continuous debate on the war appropriation measure. Surely some time during the weeks that debate lasted the official opposition could have made a motion in plain, clear, unequivocal terms instead of leaving it to the budget debate and the financial critic who, after spending ninety-five per cent of his time in discussing fiscal matters, dealt with the man-power question only incidentally. I submit, further, that the amendment is not a definite resolution that the government enforce the powers contained in chapter 13 of the 1940 statutes, being the general mobilization resources act, as amended by chapter 29 of the 1942 statutes, commonly known as bill No. 80. Let me read the amendment moved by the official opposition:

> That the government has failed to make effective the full mobilization of our financial, industrial and material resources, as well as our man-power, but is maintaining a so-called home-defence army, at a cost to the taxpayer in excess of $150 million per annum, at a time when the need for army reinforcements, for farming and for industry is so urgent.

What that means perhaps the mover alone could tell. But if one reads the clause and couples with it the statement made by the hon. member, wherein he urges that we turn these men back to farms, factories and forests until needed, it must mean the disbandment of these highly-trained men. With this sentiment I disagree, with all the force at my command; and I am in full accord with the remarks of the Minister of National Defence this afternoon and those of the hon. member for Brantford City (Mr. Macdonald) who, speaking in this house last week in the debate, said that he would oppose with all his strength the demobilization of these fully-trained forces.

I noticed in *Hansard* that when the hon. member for Winnipeg South Centre (Mr. Maybank) was speaking the other evening, the hon. member for Dufferin-Simcoe (Mr. Rowe) interrupted him, and said that he was being misinterpreted. The hon. member for Winnipeg South Centre was interpreting the remark in a manner similar to what I have done, saying that the hon. member for Dufferin-Simcoe had said that the men should be sent back to the farms, the factories and the forests. That hon. member said he was being misinterpreted. Therefore, in order that there may be no mistake, and to keep the record clear, let me quote exactly what was said by the hon. member for Dufferin-Simcoe, and let the house be the judge. His remarks are found at page 4341 of *Hansard* for June 29, as follows:

> For the honour of Canada I urge upon the government that they now remove the political halo that surrounds this most ridiculous camouflage and to turn these able-bodied men back to the farms, the factories and the forest where they can produce for victory until they are marshalled for the more vital service for which they were conscripted.

The minister, speaking today, was too kind when he said that they were to be sent back to the farms, the forests, the factories or for service overseas. No; according to the hon. member for Dufferin-Simcoe, they are to be sent back to the farms, the forests and the factories.

And for how long?—"Until they are marshalled for the more vital service." Can anyone imagine anything more fantastic than to demobilize these men, to use the words of the hon. member, "until they are marshalled for the more vital service?" It is true that we have heard from the hustings from a reported leader of the party that the Progressive Conservatives were going to lay down the gauntlet and call for an immediate order in council. This, however, came from the outside, from a gentleman who has no responsibility to parliament, and not from the elected leader in this house. I ask this chamber: Is it significant that we have had no direct endorsement of the statements made by Mr. McTague and Mr. Bracken? Is it significant that the elected leader in this chamber has remained silent in the matter, up to this time?

I submit that the Prime Minister (Mr. Mackenzie King) is right when he states that such statements of policy should be made by the leader in this house, where the statements may be analysed, and not made from positions of ambush. I am not prepared to say, as did Mr. McTague, that the province of Quebec would vote otherwise than it did if now given an opportunity. At the same time I have faith enough in the loyalty of French Canada, when the need is properly shown and when it realizes that all the seventy-odd thousands of men now mobilized and fully trained are being treated in the same manner. Then, with few exceptions, the whole subject will be looked upon in its proper light, and these men will go out and do battle with their fellow men, and come back proud that the step was taken and that they were privileged to form a part of the Canadian Army in the restoration and liberation of a free France, and the conquest of a German tyrant.

I listened carefully to the speech of the Minister of National Defence (Mr. Ralston) this afternoon. I know how proud he is, as are we all, of the volunteer forces; we know the sincerity of purpose of the minister. Those of us who have had the privilege of volunteering for service to our country, wherever called, remember the thrill of pride when first we donned the uniform. At the same time, as I have said in this house before: Is it a fair system? Is it a just system? Is it fair that one family should offer its all, and another family not give anything?

Nor do I think—and I say this in all kindness—it is fair for the minister to use as an illustration in support of the citizen committees for recruiting, the use of these same bodies by the Minister of Finance (Mr. Ilsley) in connection with his victory loan. To me there is a vast difference between urging my neighbour or friend to invest his money in a gilt-edged victory bond, and in urging him to have his son enlist for active service. I still urge the government to enforce the statute by order in council, especially having in mind that the reserve forces are now well-trained and capable of being utilized, if necessary, as an active home defence force. At the same time, I do not propose to allow an amendment such as that moved by the hon. member for Dufferin-Simcoe to becloud the real issue in the debate, namely the support or otherwise of the fiscal policy of the government, as enunciated by the Minister of Finance. Therefore I shall vote against the amendment as framed by the hon. member for Dufferin-Simcoe, and I shall support the Minister of Finance in his motion to go into committee of ways and means.

Mr. W. J. WARD (Dauphin): Mr. Speaker, I should like to compliment the hon. member for Lambton West (Mr. Gray) upon his eloquent effort this evening. I think he has excelled himself.

I should like also to say a word in regard to the statement by the Minister of National Defence (Mr. Ralston) this afternoon. It was a very important one, and most timely. It has cleared up a good deal of misunderstanding in my mind, and I am sure in the minds of people throughout the country.

I do not intend to say much regarding the Minister of Finance (Mr. Ilsley) except to say that he has again lived up to his reputation, in the statement he made when presenting the financial condition of the country.

I would not have spoken in the debate had it not been that, upon my return to Ottawa the other day, and reading some of the speeches which had been made, I thought I saw where some answers were due the house and country. In this connection I shall begin with the hon. member for Qu'Appelle (Mr. Perley), who, I am sorry, is not in his place at the moment, although I see him behind the curtain.

Mr. PERLEY: Oh, I am right here; don't you worry.

Mr. WARD: I am glad the hon. member is now in his place. There is a saying the effect that figures do not lie, but that some people do some very queer figuring. The hon. member for Qu'Appelle spent considerable time in depreciating the effect which would follow from the reduction in the tariff on farm machinery. I have listened to him and other hon. members for several sessions urge the removal of those same tariffs on farm machinery. I have recommended the same thing—and, just in passing, lest I forget, may I give to members of the government and particularly the Minister of Agriculture (Mr. Gardiner), a great deal of credit for this particular provision in the budget.

However, the hon. member for Qu'Appelle went to great lengths—in fact almost three columns in *Hansard*—in an attempt to prove the ineffectiveness of the reduction, and just how little they meant, after all. How he got the figures, I do not know, because I spent half an hour this afternoon doing some figuring, and I could not follow his reasoning. He refers to the reduction as being not more than 3⅜ per cent.

Then he speaks of putting it in terms of farm language. I am sure that no ordinary farmer could understand the reasoning contained in those three columns of *Hansard* when the hon. member tried to prove the ineffectiveness of this reduction.

However, reducing it to real farm language, to terms which a farmer can understand, may I say that last year I bought a binder. I will leave out of he picture the war exchange tax because that is a war measure, so that we will leave it out of our calculation. If the 7½ per cent reduction on farm machinery had been in effect a year ago I would have saved $22.50 on the $345 I paid for the binder. I have a combine on order right now and, if I get it, this reduction will mean a saving of $135. I think any farmer will understand those figures, and that is the only practical way to approach and explain the matter.

Then the hon. member went on to try to calculate it in terms of percentage on the dollar and he said it amounted to only three and a half per cent. That is all we are getting on our bonds and most other investments now.

I wish to take issue with his reference to $1.25 a bushel for wheat as a ceiling. I know he knows that is not right, and he knew he was wrong when he made that statement. It is not a ceiling; it is simply a floor. I heard him arguing in the agriculture committee the other day with Mr. McIvor, chairman of the wheat board, and insisting it was a ceiling not a floor. It is true there is a ceiling on barley and oats, but those are the only two farm products on which there are ceilings. I support most heartily the ceiling on coarse grains.

Mr. PERLEY: Who moved that in committee last year?

Mr. WARD: It was not moved in committee at all; it has been a part of government policy for several years.

Mr. PERLEY: I moved it in committee and the motion was defeated. The hon. member voted against it. Then about two weeks later it was brought in by order in council.

Mr. WARD: I take issue with the hon. member for Qu'Appelle.

Mr. PERLEY: Look up the record.

Mr. WARD: It has been part of government policy for some considerable time. As an example of the actual value of the ceiling on coarse grains to the farmer, I except Saskatchewan where water is scarce and where one may find it rather difficult to raise live stock. I keep about 100 pigs on feed most of the time. I do what the average farmer may not do—maintain actual costs of feeding and general overhead. The grain is weighed in and the pigs are weighed out. In 1943 my barley brought me $1.42 a bushel when fed to hogs.

Perhaps the hon. member for Selkirk (Mr. Bryce) will remember a statement he made last year to the effect that it took him 270 days to put 300 pounds on a steer. We do it in just half that time. However, be that as it may, I must pass along because I have a lot of ground to cover.

To return again to the hon. member for Qu'Appelle, he is reported on page 4565 of *Hansard,* where he refers to the floor prices under farm products, as saying:

> When we get it I hope it will contain a price that is at least parity. I do not know whether hon. members know what parity means, the word has been used so often.

I doubt if the hon. member himself knows what parity prices really are.

Mr. PERLEY: You do not know anyway.

Mr. WARD: At the present moment we have parity prices—I am sure when the legislation comes down shortly it will not be less than the prices we are enjoying at the present time—which are about nine per cent above parity for the 1924-29 period. I have under my hand a request by the Canadian federation of agriculture where they ask for parity prices based on the 1924-29 price level.

Mr. FAIR: I do not think that statement is correct; the Canadian federation of agriculture deny it; it is not correct.

Mr. WARD: My hon. friend is not well informed. If he will look up the record of the Calgary meeting of the Canadian federation of agriculture a little over a year ago he will see where they asked for a parity price based upon the 1924-29 period.

Mr. FAIR: I have in my file a letter from the president of the Canadian federation of agriculture denying that statement.

Mr. GARDINER: I have another one in my file answering yours.

Mr. PERLEY: I suggest that both hon. members stick to the facts.

Mr. WARD: In pursuing the question of floor prices I should like to say that perhaps the Canadian farmer to-day is enjoying, even before this legislation comes down—we are told it will guarantee floor prices over a period of four years—something which no other group of farmers in the world are enjoying, namely, a substantial floor price which gives the farmer a substantial profit on everything he produces. The hon. member for Qu'Appelle went on to say:

> Instead of putting on the ceiling and stopping the price of wheat to prevent inflation, as it was said, had the law of supply and demand been allowed to prevail we would have had $2 wheat.

The hon. member may be right; we might have had $2 wheat, but we would also have had something else, something like we had during the last war.

Mr. GARDINER: How could you when wheat is selling for only $1.71 in the United States?

Mr. PERLEY: May I answer the Minister of Agriculture?

Mr. SPEAKER: The hon. member for Dauphin has the floor.

Mr. PERLEY: Apparently he can answer the minister.

Mr. SPEAKER: If the hon. member invites a question from another hon. member he may answer it, but he has the floor.

Mr. WARD: Suppose we had the inflation as is invited by the hon. member for Qu'Appelle; suppose wheat went to $2, which the Minister of Agriculture says could not happen because wheat is selling for $1.71 in the United States and therefore a price above that would be simply fantastic? I have before me a statement of prices which I have kept since the last war. Those were inflationary days when wheat was $2.25 a bushel.

On July 20, 1918, binder twine sold for $29.50 per 100 pounds; in 1919 it sold for $33 per 100 pounds; to-day it sells for $11 per 100 pounds. On July 20, 1918, coal oil sold for 35 cents a gallon; one year later it was 39 cents a gallon; to-day it sells for 28 cents a gallon. On October 1, 1918, 14-inch soft centre ploughshares sold for $14 a pair; one year later they sold for $16; to-day they are $6. On October 1, 1918, 30 by 3½-inch tires sold for $26 each; one year later 30 by 4½-inch tires sold for $52 each; to-day they sell for $9. On October 3, 1918, a car battery cost $45—I bought two of them—to-day they cost $14. On October 15, 1918, sugar sold for $28 per hundredweight; to-day it sell for $8. On October 17, 1918, gas by the barrel sold for 55 cents per gallon; to-day it sells for 32 cents. In October, 1918, a tweed suit cost $84; to-day it costs $32.

If we had what the hon. member for Qu'Appelle is advocating we would be paying prices similar to those prevailing in 1918. I sent over to the statistical branch about a month ago for a statement as to the value of the farmer's dollar to-day as compared with 1919. It is 33 cents higher to-day. The farmer's dollar is worth 33 cents more to-day than it was in 1919. Speaking in the house a year ago, I said I thought the government deserved a great deal of credit, that it took a lot of courage to impose price control in this country. Of course it has been unpopular, but when the war is over, the people will reap the reward in a stability and continuity of conditions such as we did not enjoy following the last war.

There is one other item to which I should refer. The hon. member for Qu'Appelle, dealing with the cost of carrying the 1940, 1941 and 1942 crops, said that according to his calculations it was 12⅛ cents a bushel, which was paid to the elevators. Well, I worked it out, and the best I can get out of it is 7⅛ cents a bushel. I know that 6½ cents was paid to me as a farmer for having carried my grain at home for only a few months, as compared with the three long years that this grain was carried in the elevators. I am no friend of the elevator people or the bankers or the brokers, but I would point out that this cost covered a great many services.

The hon. member concluded his statement by saying—

Mr. PERLEY: Will the hon. member permit a remark?

Mr. WARD: Yes.

Mr. PERLEY: I figured out all the costs—storage, interest charges, commissions, brokerage and everything. These amount to 12⅛ cents. It was not the storage alone.

Mr. WARD: So did I, and I made it 7¾ cents. The hon. member concluded by saying that the firms owning these elevators were paid $85 million to handle half the grain, or about 700,000,000 bushels. But that $85 million covered all the charges, including about $7 million paid to the farmers on home storage.

Mr. PERLEY: I said that.

Mr. WARD: No; you said nothing of the sort. You tried to leave a totally erroneous impression.

Mr. PERLEY: You did not read all the speech.

Mr. WARD: I come now to some remarks of the hon. member for Rosetown-Biggar (Mr. Coldwell), the leader of the Cooperative Commonwealth Federation. In his speech of June 29, as reported in *Hansard,* at page 4347, he said:

> Finance must be secondary to other considerations in the winning of the war. I wish I could say the same of the government's settled policy in regard to the after-war years, and that whatever should prove to be physically possible and desirable should be made financially possible.

That is exactly what the government are doing now. The hon. member went on as though he expected the government to have appropriated $5,000 million this session, while the war is still going on, in order to prepare for the post-war period. I think the government are doing a wonderful job, and I am not flattering them when I say that. When I read the soldiers' rehabilitation bill as brought down by the Minister of Pensions and National Health (Mr. Mackenzie) I felt that he had done a marvellous job in benefiting by the experience of all the mistakes in the scheme which was enacted after the last war.

The hon. member for Rosetown-Biggar went on, after talking about the application of a socialist policy:

> I fear, however, and the present budget increases my fears, that the government is anxious to hurry back to the restrictive practices of orthodox finance and orthodox industry.

May I pause here to say that the socialism advocated by his party is the oldest kind of orthodoxy, the oldest system in the world, and that anybody who has taken time to read history knows that in every place and at every time it has been tried it has ended in disaster, bloodshed and ruin for the working people, and could have no other effect.

Some of us have at times entered the realm of prophecy. I recall that in the early part of the 1930 campaign Mr. Bennett—for whom I have great respect as a man of honesty and integrity—told the people of Canada that we were importing too much. In the midst of the campaign he made the specific statement that we were over-importing by at least half a billion dollars. From that day on during my campaign I made the prediction, "If Mr. Bennett is returned to power, and does what he says he is going to do, before his term of office is up you will see in Canada at least one million unemployed; your wheat which was then selling for one dollar, will sell for twenty-five cents a bushel; your steers, now selling at $60, will sell for $10; your bacon hogs will sell for $2.50 a hundred." I made that prediction in July, 1930. Of course it did not impress very many people. A man came to me after a meeting and said, "Do you expect us to be impressed by that prediction?" I said, "No. I don't, but when it comes true will you come and see me?" Just two years and five months later that man came to my office and with a tremor in his voice said, "My God, it has all come true."

I am making another prediction now. I predict that if you elect a socialist government to this House of Commons you will have not a million unemployed; the number will vastly exceed a million. You will see the worst times this country has ever known. A million people will seek an exodus from this country to the United States, and in the first year the government is in power at least one thousand million Canadian dollars will try to find its way to the United States. We shall experience the worst days this country has ever known if my hon. friends of the C.C.F. group are elected and carry into effect what they say they intend to do, as contained in the C.C.F. "Handbook for Speakers". I see that it is published in the city of Saskatoon. This is what they say; it runs in a sort of monologue:

> Q. "Is the final objective of this group to socialize industry in its entirety?"
>
> A. "The wording of the objective is 'Social Ownership of all resources—

Including the farms, of course.

> —and the machinery of wealth production'."

The greatest machine of wealth production in this country is agriculture.

> "This, therefore, includes all industry."

I am not saying this. This is what the book says.

> "We recognize the rights of the individual to own personal property which he can use for his comfort and well-being. Personal property is inclusive of home, clothing, furniture, etc."

Not farms. I want to say to my hon. friend, and it has been said in this house before—

Mr. KNOWLES: Who printed that book?

Mr. WARD: I do not know. It is the C.C.F. speakers' handbook.

Mr. BERTRAND (Laurier): Mr. Scott of Montreal, C.C.F. Secretary.

Mr. KNOWLES: Who is the publisher?

Mr. BRYCE: The Liberal party.

Mr. WARD: It is, of course, the "Saskatchewan Farmer-Labour C.C.F. Group Handbook for Speakers, compiled from reports of conferences held in Saskatoon and Regina, January 7 and February 11 respectively, 1933."

Mr. NOSEWORTHY: Compiled by whom?

Mr. REID: You are not denying it, are you?

Mr. NOSEWORTHY: We are asking who published it.

Mr. WARD: The C.C.F.

Mr. BRYCE: The hon. member can say where it came from.

Mr. GARDINER: The Farmer-Labour group published it.

Mr. BRYCE: It was published by the Liberal party.

Mr. GARDINER: It is a Farmer-Labour production. When you got ashamed of it we published it.

Mr. NOSEWORTHY: A Liberal trick.

Mr. REID: Are the C.C.F. denying it?

Mr. WARD: I see my hon. friends are embarrassed.

Mr. KNOWLES: We are not embarrassed at all. We are trying to find out who published it.

Mr. WARD: May I quote, for the enlightenment of my hon. friends who appear to be embarrassed a bit, certain passages from the introduction to this book:

"This handbook is a digest of the minutes of the two conferences of the farmer-labour C.C.F. group, first held in Saskatoon, January 7, 1933, and the second at Regina, February 11, 1933."

"We have eliminated, as far as possible, any duplication in the questions relating to our policy, and have done the same with the answers, keeping as nearly as possible the wording in both cases. A chart outlining the economic programme, accompanied by a detailed series of explanatory notes, has been prepared by head office, and will be found inserted at the centre of this handbook."

It is here in the form of a map and has also been incorporated in the handbook and will be found on page 21. Here it is on page 21.

Mr. NOSEWORTHY: That is what won the Saskatchewan election for us.

Mr. GARDINER: Five years from now we shall be publishing all your books as souvenirs.

Mr. WARD: I quote:

Q. "What would occur in the case of the farmer-labour group having the largest group in the house, and the government in power resigning? In that event, the method of the organization would be this: Being the largest group in the house, and the government resigning, it is likely that this group would be called upon to form a government. This would be done. The programme would then be brought in by the new government in its entirety."

Not partly, but in its entirety. This is not what the former member for Weyburn has done. He is now the premier of Saskatchewan, and the morning after the election in Saskatchewan he was asked by the press what changes he would make and he said in effect, "We will make no changes; there will be no changes." What an eloquent compliment to the Patterson government which had just been defeated! He said, "We will make no changes." Of course there will be no changes. I make the prediction now that there will be no changes whatsover in the policy or in the philosophy that has prevailed in Saskatchewan—none whatever. Further in the statement, I read:

How do you define a cooperative commonwealth federation?

That is the question. The answer is:

A cooperative commonwealth is an organization of society in which the principal means of production, distribution and exchange shall be socially or cooperatively owned by the people.

Socially owned by the people.

Mr. NOSEWORTHY: Who else would you want to own them?

Mr. WARD: I do not object at all, so long as my hon. friends admit it and say that this is their handiwork and that they will stand by it.

Mr. BRYCE: Published by the Liberal party.

Mr. REID: Do you deny it? No matter who publishes it, that is their pamphlet.

Mr. WARD: The member for Rosetown-Biggar said:

Before I make any proposal I wish to take exception to the reference made by the minister to taxation in other countries. Even supposing his comparisons happen to be fair, would the fact that another country overtaxes its poor justify Canada in following a similar course?

The minister was speaking of New Zealand in this case.

The minister stated that the New Zealand rates bear more heavily on low income brackets

than do the rates in force in Canada, but what he did not say is that the New Zealand rates included the five per cent social security levy.

The Minister of Finance then said:

I did say that. . . . I said that it included national security and social security taxes.

The hon. member for Rosetown-Biggar then said:

I read the speech very carefully, and it must have escaped me.

There are many things that escape the hon. member. He goes on:

I say that the criticism that is often made of other countries does not take everything into account.

I would say, however, that if ever there was a case of the pot calling the stove black it was this case, because the hon. member for Rosetown-Biggar is a past master at misrepresentation, at half-truths, at twisting and turning things to suit his own purpose. Then he cuts loose:

So I say that when we come to appraise what is happening in another country, let us be fair about it, and say what the people of that country are getting for the taxes they pay.

I would say to my hon. friends who smile about it that they have one stock-in-trade, and that is to engender fear in the minds of the people, to blacken their country, to blacken their own people, to blacken our Canadian institutions and public men. That is their chief stock-in-trade. I warn them that if they are ever charged with responsibility, the grave responsibility that falls upon a government called upon to administer this very difficult country of ours, spread four thousand miles east and west and only two or three hundred miles wide, with five or six different principalities, all with separate and different economics and climatic conditions—if they ever come to govern this country they will be sorry that they were not more responsible in the things they said in the days of opposition. I warn them of that.

Mr. KNOWLES: Thanks for the publicity.

Mr. WARD: I come now to the hon. member for Melfort (Mr. Wright), and I pick him out for the reason that he pretends to speak at least for agriculture in his group. I will not take up the time of the house in reading much from his speech, but with reference to free agricultural implements, and again trying to belittle what has been accomplished, he says:

The freer exchange and export of goods has its place but, as I listen to the government members and read certain papers in this country, it seems to me that in placing responsibility for a prosperous Canada on export trade alone they are on very narrow ground indeed.

In reply I will call to witness some excellent organizations. First I will call as a witness the Canadian Legion in their admirable pamphlet on the question of rehabilitation of Canada's fighting men. This is what they say of trade:

This war has demonstrated that we have been able to keep our people employed and, within the limit of the basic supplies available, fed and clothed during a period of stress. We have, moreover, supplied our allies with the products of our own soil and resources. This provision, both for ourselves and others must, in view of the destruction and conditions throughout the rest of the world, continue for some considerable time.

They are willing to help our allies less fortunate than ourselves.

It may be that . . . through the brain and brawn of our workers, we have been able to do all this and yet maintain adequate living conditions in this country. Provided jobs are furnished the same condition can hold good in the post-war period while world trade is in process of rebuilding.

Note that, world trade.

Markets for all our products. Measures must be taken to explore and cultivate both domestic and foreign markets for our products. In foreign trade our aim should be to deal with countries that can supply things we require in our economy to satisfy our basic needs, and which we cannot or do not produce ourselves, or which we cannot or do not produce economically.

There is a good deal of excellent material in this book and they are solidly behind international trade.

Let me call yet another witness, an equally important body, the Canadian federation of agriculture. My hon. friend pretends to be speaking for agriculture. This is what they say in a pamphlet entitled "Principles of Post-War Reconstruction for Agriculture," published recently:

Though the farm problem is a domestic one in many respects, it is profoundly affected by, and to some extent dependent upon, international policies and action. More than ever before the effective solution of the problems of Canadian agriculture will hinge upon the planning of relations and upon the measure of agreement and cooperation which can be worked out between food exporting and food importing countries. Moreover, not merely policies having to do with food and agriculture enter into this but as well international policies governing trade generally, the payment of debts, the control and stabilization of currencies, and maintenance of peace.

Then they go on to say:

If we imagine we can return to the economic anarchy of the old days—

That is exactly what will happen. Anarchy is the right word if we ever attempt to socialize the industries of this young and growing country.

—then certainly we shall bring not only discredit but disaster upon ourselves and it will

be well merited. None of us can now escape from revolutionary changes even if we would.

Then farther down they say:

In our opinion it is of little use to talk of reconstruction and rehabilitation plans for agriculture unless we assume the establishment of a fiscal policy and an international trade policy which will work in terms of the world of to-morrow.

They conclude by saying:

The united nations conference on food and agriculture held at Hot Springs, Virginia, in May of this year declared its belief: "that the goal of freedom from want of food suitable and adequate for the health and strength of all people can be achieved;" that the almost unlimited possibilities of an expanding world economy—

That does not sound like our C.C.F. friends talking about controlling economy—

Mr. NOSEWORTHY: You would not understand our policies.

Mr. WARD: Living within ourselves. Get the hon. member for York South a funnel to talk through.

—should be organized and coordinated on a world scale; and that all nations, individually and collectively, should set about to achieve this broad objective.

That is, international trade.

Further, it recommended the establishment of a permanent international organization to promote and facilitate international cooperation dealing with problems of food and agriculture.

I do not need to call in any more witness in that regard with the exception of one of the greatest statesmen on the north American continent, a member of the United States government who used these words within the last month. You will pardon me, Mr. Speaker, for referring to this since it is part of a broadcast I made a few weeks ago. Part of the material which I am about to quote is contained in the remarks of Mr. Sumner Welles, a great United States statesman and economist. This is what he said:

After the last war our high tariff policy reached out to virtually every corner of the earth and brought poverty and despair to innumerable communities. But the effects on American importers, and on American industries dependent upon imports, were likewise immediate. Many foreign countries, which had not recovered from the shock of our tariff increases in 1921 and 1922 and were tottering on the brink of economic and financial collapse were literally pushed into the abyss by our tariff action of 1930. Throughout the world this withering blast of trade destruction brought disaster and despair to countless millions of people.

That comes from a man who has been a member of the United States government for a long time. I shall continue with the quotation of a page or two, Mr. Speaker, of my broadcast, because it is one on which I spent a lot of time and gathered a lot of figures:

The question is frequently asked, if we can do it in war time why cannot we do it in peace time, meaning of course the employment of all our people. We can if the world will continue on a free trade basis as it is to-day. Of the almost five billion of international trade we did in 1943, a large percentage of it was on a free trade basis. The United States last year purchased from us 263 million bushels of grain, 244 millions of which entered their country with the same freedom as though there had been no international boundary.

There was no tariff on the 244 millions of bushels of grain.

This is true also of the vast supply of raw materials and munitions of war that flow to and from Canada to, not only the United States but to all the other nations with whom and for whom we are fighting.

The United States has to date this year purchased from us over 200 million bushels of Canadian grain, all of which will flow freely to their country without tariff or any other trade restrictions. Compare this condition with those of the early thirties when in many countries of Europe, especially those now under totalitarian governments tariffs ranged from one to two hundred per cent.

In pre-Hitler days prior to 1930 Germany's annual imports of grain—

And I verified those figures recently.

—was rarely less than 100 million bushels. It consisted principally of barley, rye and oats. A very large part of which was purchased from Canada.

Italy's annual purchases of Canadian wheat in pre-Mussolini days averaged about 60,000,000 bushels. Spain too, before the revolution purchased annually about 35,000,000 bushels of wheat, most of it coming from Canada. France, also, was a fairly heavy buyer of Canadian hard spring wheat until in 1929 she placed a tariff of $1.19 per bushel against imports of foreign wheat. In all, this vast trade of over 200,000,000 bushels plus millions in other forms of trade vanished as mist before the morning sun, under the impact of high tariffs. Yes, even Canada and the United States in 1930 were caught in the psychological meshes of a world gone mad on the theory of high tariffs and self-sufficiency —we too, followed suit with tariffs ranging from forty per cent to eighty per cent.

We all remember that.

By the early thirties the world had reached the logical conclusion to their insane policies of trade exclusion, a condition where every country in the world was trying to sell its goods but no country was buying. Can you visualize the loss to our trade and economy of over 200,000,000 bushels of grain sales annually—

Plus hundreds of millions of other trade.

In order that we may get an absolutely clear perspective of just what did happen during these awful early nineteen thirty years—world trade declined between 1928 and 193_ from $9,640,000,000 to $2,234,000,000 or twenty-six per cent only of what it was five years previously when the world was on a more sane, more reasonable trading basis.

As an example of the effect on our Canadian trade of extremely high import duties not only in Europe but on this continent as well, in 1928 our external trade amounted to $2,586,106,275; by 1933 just five years later our total external trade had shrunk to $936,698,100 or thirty-two per cent only of what it was five years previously. . . . To those who may still doubt the direct and inevitable relationship of high tariffs and unemployment—

I recommend this to my hon. friends of the C.C.F. party.

—may I remind you that at no time in the world's history were tariffs anywhere nearly so high or did so many other obstructions exist in trade as between 1929 and the outbreak of war. Nor were there ever before in the world's history nearly so many unemployed.

Compare those days and conditions with the freer trade policies we are enjoying to-day with the resultant comfort, satisfaction and pleasure of our people, a market for everything we can produce, a job at good wages for every one who wants to work—our farmers selling their products at satisfactory prices with everybody living in a moderate state of luxury.

I said a moment ago.

Mr. SPEAKER: The hon. member's time has expired.

Mr. SPEAKER: The hon. member's time has expired.

Mr. PERLEY: Would the hon. member permit a question? This is the third time I have heard him speak in this parliament, and on each time he took about thirty-five minutes of his forty minutes quoting from *Hansard* or some pamphlet. My question is: Will he tell us when he is going to make a speech of his own.

Mr. MACKENZIE (Vancouver Centre): You joined the C.C.F. the other day.

Mr. H. A. MacKENZIE (Lambton-Kent): I have no great desire to speak at this hour of the evening and this stage of the budget debate. However, this is one of the few times when one may discuss a wide variety of subjects without being called to order, so that I feel reasonably safe in making a few remarks to-night.

On June 26 the Minister of Finance (Mr. Ilsley) presented the sixth war-time budget, calling for the expenditure of a stupendous amount of money, approximately six billion dollars. To me, as I think to anyone, that is a great deal of money to be raised by eleven and a half million people. Approximately forty years ago we raised for all purposes from $40,000,000 to $45,000,000, and that was considered a great deal of money. Each year our expenditures have increased, so that by 1938 or 1939 they reached from $500,000,000 to $550,000,000. At that time we thought we had reached our limit in taxation and ability to raise money; but now, in the year 1944, we are budgeting for eleven times that amount. The net debt also has increased to four and a half times what it was in 1939. We might as well be realistic and agree that we cannot long continue to increase the debt at that rate. The interest charges alone, if taken at a moderate rate, would mean an expenditure of more money than we raised for all purposes in 1938 or 1939. I do not know a great deal about this subject, but I do know that we cannot continue indefinitely to increase the public debt and tax the people to carry it. When the Bank Act comes up for revision I intend to have something further to say on this point.

One thing, however, is gratifying at this time; that is, the fact that half the amount required is to be raised by direct taxation in one form or another, while the other half will be raised by borrowing. Ninety-five per cent of the debt we have contracted during this war has been borrowed from our own people. On the outbreak of war the government, no doubt profiting from the experiences of the last war, adopted the policy that no person or firm in Canada should get rich or make undue profits because of conditions brought about by the war. So that a basic period of the four years prior to the outbreak of war was fixed as a normal period, and profits in excess of those during that period were taxed at the rate of 100 per cent, with twenty per cent to be refunded after the conclusion of hostilities in order that industries might establish themselves during the post-war period. Then two years ago the government adopted the policy of compulsory saving in connection with the income tax on individuals. That seemed to me a good piece of legislation, because it meant that many of our people were accumulating some savings which they would not have acquired in the form of life insurance, mortgages or anything like that. These compulsory savings have amounted to from $100,000,000 to $120,000,000 each year. For some reason some workers apparently felt that they would not get back this money. I do not know why they should think so, for no government in any democracy would attempt to retain that money, if only for reasons of political expediency. In any event this potent check on inflation, which we dread so much, has been removed, and now we must rely on voluntary savings.

Undoubtedly there are inequalities under the income tax regulations. The people in the lower brackets feel that it is very hard for them to pay their tax. However, it has been worked out largely on the basis that those who are able to pay should pay, and the total amount collected by the Department of

National Revenue last year amounted to $1,635,000,000, or approximately three times the amount we raised from all sources in 1939. The income tax, from corporations as well as individuals, brought in a total of $1,151,755,000; the excess profits tax amounted to $468,717,000 and the succession duties to $15,191,000. Well, Mr. Speaker, some people claim that a great deal of money has been made during the war, but in any event a great deal has been collected in income tax.

I should like to say just a word or two in connection with ceiling prices, rationing and stabilization. These were new experiments in Canada; we had nothing to go by except the limited experience of the last war, but we have had fairly good results although there has been a great deal of controversy. In 1941 the cost of wages and goods rose to such an extent that the government imposed ceiling prices, and fixed as the maximum the highest price paid during the basic period from September 13 to October 11 of that year, at the same time making provision for any increase in the cost of living which might occur subsequently. Of course many injustices were created under a regulation of that kind. Some farm commodities had not increased in price and were still selling below the cost of production. Some workers had their salaries increased just prior to the order coming into operation, while others had not, so that there were inequalities not only in connection with prices of farm commodities but also in connection with wages of workers. Many felt, and I quite agreed with them, that there should have been some revision of prices and wages, in order to put them on a stable and equal basis before the order was put into effect. However, I have not spoken to anyone in Canada who does not believe that the establishment of ceiling prices and the rationing of goods was the proper thing to do at this time. It is invariably true, at the same time, that people believe the particular commodity in which they are interested should not have a price ceiling, or should have received further consideration.

We must remember that conditions have been quite different during this war from what they were during the last war. The sources of many of our vital supplies have been in the hands of the enemy; I have in mind such commodities as sugar, rubber, petroleum and tin. If these essential goods and services had not been rationed; if price ceilings had not been fixed, there would have been more racketeering and profiteering in Canada than one could imagine. Hardship and privation would have been inflicted upon those least able to bear it. Undoubtedly some mistakes have been made, both in administration and in legislation. However, Canada's system of price control has brought better results than the system in any other country in the world, and it has been copied by many other nations, including the United States.

I should now like to say a word about our farm problems, because if I am qualified to speak on any subject at all it is the matter of rural conditions. In my opinion one of the principal causes of the great depression was the fact that while one-third of the people resided on farms, they received less than one-tenth of the national income with which to purchase goods. In fact, from 1926 to 1940 the income of the farmers or agriculturists amounted to only about one-tenth of the national income. There are around 730,000 farm operatives or farm units in Canada. Offhand I would say that probably 700,000 would be a fair estimate; and there are more farmers east of the great lakes than there are west of them.

In 1943 Ontario and the rest of eastern Canada had one of the poorest crops in history. Thousands of Ontario farmers throughout all parts of that province threshed no coarse grains at all. The only grain they had was wheat; and fall wheat was a comparatively poor crop. We had no Prairie Farm Assistance Act to help us in Ontario, because crop failures and poor crops are almost unknown. But the government did pay a subsidy of $4.50 a ton on the shipment of coarse grains to eastern Canada, and also a small subsidy, to which Ontario added another small subsidy, for grain shipped in early. This was certainly appreciated by Ontario farmers.

But over one-half of the farms in Ontario are mortgaged for more than seventy-five per cent of their value. I say that we should assist the farmers with their mortgages, by giving them a lower rate of interest. It is true that the government has established an industrial development bank to provide funds for industries opening up operations, and industries which will be enlarging after the war. This bank is set up under the supervision of the Bank of Canada, and it would have several branches across the country. Undoubtedly it is set up with the idea of taking risks and chances which would not be taken by ordinary loan organizations or chartered banks. The government is taking a chance on that, with the rate of interest at five per cent.

Then the Farm Improvement Loans Act was passed, which sets aside a sum of approximately $250,000,000 to be lent to farmers who wish to improve their farms, or to put in modern equipment and machinery, or anything to develop their farms or homes. That money is

available at around five per cent, as well. This cannot be considered good security, because the government has agreed to accept ten per cent of the loss which would be made. That being so, I say that the farm loan board have a much better risk than is found either in the security offered by the Industrial Development Bank Act or the Farm Improvement Loans Act. The farm loan board was established in 1929, and to date has lent something over $50,000,000 on first and second mortgages. Outstanding on March 31 of last year was the amount of $32,603,000 on first mortgages at five per cent and $1,312,000 on second mortgages at six per cent. Some of the amount has been paid off, but outstanding at the moment there is approximately on loan to farms the amount of $34,000,000. The interest on that loan to farming communities should be reduced to four per cent, because they certainly are a better risk than the risk that is being taken under either the Industrial Development Bank Act or the Farm Improvement Loans Act.

Let me say, further, that Ontario this year has the best crop it has had in years, although labour in that province is very hard to get. With the supply of labour it would be almost impossible to harvest the crops at the present time. I know some representatives of the federation of agriculture were in Ottawa last week making representations, and I would urge the government, through the Department of Labour and the Department of National Defence, to release from training camps enough men, who have had farming experience, that some assistance could be given to harvest the crops in the next two months.

Ontario wheat is now ready for harvest. In a normal year we produce about 20,000,000 or 22,000,000 bushels of wheat. There would not be more than 6,000,000 or 7,000,000 bushels taken out for milling purposes. In 1942 the ceiling price was set at $1.26, Montreal, for Ontario wheat. There was no floor price. That nets the Ontario producer around $1.10 a bushel. In 1937 wheat sold in Ontario at the lowest price on record, and went as low as forty-five cents a bushel. At that time the Wheat Board Act was enlarged so as to take in Ontario wheat. Then in 1938 a great deal of wheat that was threshed in Ontario was delivered to the wheat board, at the elevator. There was no elevator space to store the wheat, and most of it had to be sold. But early in 1939 the price of wheat rose above the initial payment, going up close to one dollar. The home market gave it that increase in price, and the price continued to rise until early in 1942, when the government set a ceiling price for Ontario wheat. Beyond that it could not go.

May I for the moment compare what has happened in Ontario with what has happened in connection with western crops? The wheat board took the western crops of 1939, 1940 and 1941 at seventy cents a bushel. That was the initial payment. Let me say that was above the market price at that time, because the markets of the world were open for wheat. I believe considerable money was lost at that time at the seventy-cent rate.

In 1942 the price was raised to ninety cents a bushel, plus participation certificates. This happened in both cases. Wheat was rising on the Winnipeg exchange, and early in 1943 the market closed out at $1.23¼ a bushel, or approximately that, and the Government took over all the wheat in store at that time. At the same time a price was set for the 1943 crop at $1.25 a bushel, plus participation certificates. It is true that wheat was taken in in 1938, 1939, 1940 and 1941 at seventy cents a bushel. In 1942 it was taken at ninety cents.

There were also many other payments made to western farmers at that time. In 1939 the Prairie Farm Assistance Act came into force, and from that date until 1943 there was paid out to the three western provinces a total of $38,809,522. In 1941 prairie income payments were made, and there was spread pro rata, I imagine, among the farmers, the sum of $18,898,270. Then the wheat acreage reduction bonus became effective, and payments from 1941 to 1943 amounted to approximately $82,000,000. Wheat was taken over at $1.23 a bushel, and there had been paid seventy cents a bushel for some, and ninety cents for the rest, on participation certificates. The value of these participation certificates amounted to about $60,000,000.

Then, along with that they were paid in that period about $18,000,000, under the Prairie Farm Rehabilitation Act. Therefore, to have this clear, let me say that for the years 1938, 1939, 1940, 1941 and 1942 they received the floor price on wheat, plus participation certificates. Those participation certificates, along with all these other bonuses and subsidies, amount to a total of $217,707,792. So that they got a good deal more than seventy cents or ninety cents a bushel for their wheat. I have never figured it all out, but if one takes seventy cents a bushel for 1939, 1940, 1941, plus ninety cents for 1942, and adds to that the $217,707,792, he will see that they got a good price for their wheat in western Canada. Ontario wheat was all sold in 1943 at the ceiling price because they could not get any

more. The 1943 western wheat is still being held. A floor price of $1.25 a bushel is being paid, plus participation certificates. The hon. member for Dauphin (Mr. Ward) has told us that between 260,000,000 and 270,000,000 bushels of wheat of 1943 have been shipped to the United States. The return from the 1943 crop will be $1.25 a bushel, plus the participation certificates which should run from ten to fifteen cents a bushel more. The result is that the western farmer is getting more for his wheat than the Ontario farmer is able to get for his at the present time.

The western farmer also has a floor under and a ceiling price over his oats and barley, plus a bonus of ten cents on oats and fifteen cents on barley. I believe there is a floor of $2.75 on flax. In Ontario we have no floor under corn, although we have tried to get it for some time. I am not sure that the price for soy beans has been set yet, but I do not believe there is a floor.

Mr. GARDINER: There is an actual price on soy beans.

Mr. MacKENZIE (Lambton-Kent): I have not heard it announced, although I have been asking for it for a long time.

Mr. GARDINER: Not for this year; for last year.

Mr. MacKENZIE (Lambton-Kent). It is the 1944 crop I am speaking of. They say that the Saskatchewan election was lost because of federal policy. When I was younger I believed in Santa Clause. As I got older I became disillusioned, but I am again reaching the place where I believe there is still a Santa Claus. If the Minister of Agriculture is not a Santa Claus to the western farmer then I do not believe they have ever seen one. He has gone down all their chimneys and I do not think they were big enough. They had to enlarge them so that he could go down again.

I think the price of Ontario wheat is too low. It should be raised to a ceiling price of $1.50 a bushel. I do not object to the western farmer getting a good price for his wheat and other crops, but I think the federation of agriculture is doing something to try to place agriculture on a higher plane. We must get agriculture in the position where it will get its fair share of the national income. The east and west should get together to support the federation of agriculture. I do not care whether you call it a farm bloc or something else, but the fact remains that these people are interested in agriculture being placed on a sound economic basis so that it can get its fair share of the national income.

[Mr. H. A. MacKenzie.]

If we are going to retain the young people on the farm; if we are going to retain people in the rural districts, we must take some of the drudgery out of farm life; we must make farm life more livable. Many times in this house I have heard it told of how farmers years ago had to sleep on straw ticks or on corn husks. I have done all those things. I have lived in a shack without modern conveniences. That did not do me any harm, but I do not think we should expect our young people to do it to-day. As a matter of fact they will not do it. There are thousands of young people who have gone to the factories in Detroit and Windsor and Sarnia because living conditions and income were not right at home.

One thing that should be emphasized is the increased need for hydro power and electricity. An hon. member from Manitoba the other night gave percentages of farms with hydro power. I believe he claimed that in Ontario forty per cent of the farms had electricity, but the last report I had showed only thirty-one per cent. However, I believe a lot of hydro power has been put in during the last year.

I saw a press dispatch the other day to the effect that daylight saving was working out very well and would be retained after the war, and I believe it stated that the Minister of Munitions and Supply (Mr. Howe) had said that the demand for hydro power would increase if we went back to standard time. I am not so sure about that, because most industries are working twenty-four hours a day and the lights are turned on when daylight ceases. I would not for the world want to deprive workers in factories of a long afternoon, but I do not see why they cannot start to work an hour earlier and leave the clock alone. I think the time will come when they will do that. You cannot save daylight; it just cannot be done. There was only one man who could ever save daylight, and that was Joshua when he made the sun stand still. We have no Joshuas in modern life to-day.

I just leave these few thoughts with you and I hope that we can organize in order to get rural life back into its proper place.

Mr. F. D. SHAW (Red Deer): Mr. Speaker, were I to declare that the members of the Social Credit group have made a conscientious attempt to cooperate in shortening this debate I doubt if any would disagree. However, cooperation does not apply just to one group. For my part I have remained out of the house at least during parts of recent days so that I would not be aggravated into speaking. Unfortunately I came in to-night. I have heard one speech which in itself could

be responsible for my participating at this time. I regret very much that I happen to be the one who appears to be carrying the debate over to another day.

I wish to say a number of things with respect to the remarks of the hon. member for Fraser Valley (Mr. Cruickshank). It is regrettable that some people have such poor memories and do not take the time to go back and read the records once in a while. If they did that they would probably secure a proper understanding of the position which this and other groups took at the beginning of the present war. Before dealing further with this matter, I should like to make a brief reference to the budget itself.

I think it is proper to say that the budget was more or less bereft of surprises. I know a great many people expected that there would be certain changes, the purpose of which would be to alleviate the burden of taxation probably to a great extent. As far as I am concerned I was not a bit surprised because I knew that if taxation had been lowered materially then borrowing, which is nothing but a deferred system of taxation, would have had to be increased. That is the penalty you pay when the method of financing the war is based on a policy of debt and taxation.

I know that many of those who believed there would be substantial reduction in taxation overlooked the fact that the cost of the war has not been lessened. We are going to be extremely fortunate if taxation remains where it is for the duration of the war, if our financial costs are not considerably greater than those we have encountered up to the present time.

More than that, as I said during a previous speech, I am not going to be astonished if taxation is not reduced after the war is over, because it has been said time and time again in this house that we have, alongside the very heavy taxation, built up municipal, provincial and federal debts of approximately $16,000 million. I sometimes wonder what the minister meant when during the early months of the war he indicated that we would pay for the war as it is being fought. In the destruction of material things and of human life we have paid a pretty costly price. When we take into consideration Prime Minister Churchill's assertion that the price is "blood, sweat and tears", it does make one feel badly to think that when the war is over we are going to start paying for it in a dollar and cent fashion. To confirm that statement all one has to do is recognize the extent of the national debt and its growth during the prosecution of the war. Another regrettable feature is that, of those boys who are fighting overseas, apart from those who will never come back, the numbers who return maimed and the many, we hope, who will come back uninjured will themselves have to play a major part in financing the dollar cost of the war which they won—all, I assert, because the government persist in pursuing strictly orthodox methods of financing and are determined not to endeavour to alleviate at least the debt aspect of our war cost by utilizing national credit.

Another serious situation which has developed as a consequence of our present method of financing is that, in order to carry on, we have had to centralize more and more all activities. More than that, due at least in part to our method of financing, we have had to adopt more and more regimentation, much more than would have been necessary if we had adopted a democratic system of financing, at least in part.

Of course the method of financing has played no small part in the further restriction of certain liberties. I am not one who asserts that you can fight a war while continuing to live as usual. I am not one who would say that the government should not and must not and need not take unto itself certain authorities which in peace time we would deny it. I do not wish to be charged with suggesting that we should pursue life in the normal fashion. But as a result of the need of the government to centralize further, to regiment further, to restrict liberties further, there has developed among a cross-section of our people a respect for the principle of totalitarianism. Probably I should make that clear. Unfortunately there are some who think that the success in connection with the war effort has been due largely to the fact that we have regimented, that we have deprived the people of liberties and so forth, and they have as I say developed some sort of strange love of this principle of regimentation. I find that largely true among a cross-section of people who have the tendency to encourage leadership rather than apply personal initiative. Our method of financing has been largely responsible for the growth of certain of these conditions.

I desire to make some remarks in reply to the hon. member for Fraser Valley (Mr. Cruickshank), but since it is almost eleven o'clock I would prefer to do so upon an occasion when he is likely to be present.

On motion of Mr. Shaw the debate was adjourned.

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

Tuesday, July 11 1944

The house met at three o'clock.

VACANCY

RESIGNATION OF MEMBER FOR ELECTORAL DISTRICT OF BEAUCE

Mr. SPEAKER: I have the honour to inform the house that I have received the resignation of Edouard Lacroix, Esquire, as member for the electoral district of Beauce. I have accordingly issued my warrant to the chief electoral officer to make out a new writ of election for the said electoral district.

PRIVATE BILLS COMMITTEE

Fifth report of standing committee on miscellaneous private bills.—Mr. Picard.

BUSINESS OF THE HOUSE

WEDNESDAY SITTINGS

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should like to substitute for the motion that is on the order paper the following:

That on and after Wednesday, July 12, until the end of the session, the house shall not be adjourned on Wednesday at six o'clock, notwithstanding anything in standing order No. 6.

I may say that the motion as it appears on the order paper would preclude us from carrying on the understanding we had about Wednesday afternoons and the motion as it is now put will continue the same procedure on Wednesday afternoons as we have been following; that is to say, that members of the war committee would be free to attend meetings of that committee on Wednesday and not be expected to be in the house.

Mr. CHURCH: Why pick on the 12th of July?

Mr. GORDON GRAYDON (Leader of the Opposition): In view of the situation which has now arisen with respect to the change in sitting hours, I would ask the Prime Minister if the government would not permit some slight modification of the previous arrangement in regard to Wednesdays, so that the orders of the day may be called. If that were done, with the understanding that as usual there will be no divisions that day, perhaps that would be satisfactory as far as we are concerned.

Mr. MACKENZIE KING: That means we would have questions and so on?

Mr. HANSON (York-Sunbury): Yes. Why not? That is what you started out to do.

[Mr. Shaw.]

Mr. MACKENZIE KING: I believe hon. members have found it a little more expeditious to proceed at once on Wednesdays with the business; to have one day when the house is not liable to be held up by questions or motions. I would say to my hon. friends that it would be embarrassing to members of the government if they were not in the house in the event of certain motions being moved on Wednesday afternoons. It will be necessary for the members of the war committee to continue to meet on Wednesday afternoons as they have met in the past.

Hon. R. B. HANSON (York-Sunbury): I am sure there is no desire to embarrass the government or the war committee of the cabinet; I want the Prime Minister to understand that at the very outset of any remarks I have to make. The arrangement entered into early in the session, on the Prime Minister's own initiative, under which the house did not sit on Wednesday, did not work out as he had anticipated. So far as I am concerned, and I think so far as most of the private members of this house are concerned it was a day wasted. The Prime Minister then permitted the business to be dealt with on Wednesday afternoons, and that has continued up to the present time. Now, near the end of the session, he brings in a very proper motion that the order of business on Wednesday shall be the same as on other days. That is the motion on the order paper, but for some reason, which he suggests as being interference with the cabinet or the war committee, he wants to take away from private members on Wednesdays one of the few privileges remaining to them. I do protest against that limitation, and others I could mention. This notice of motion on the order paper is the proper notice that should be given if we are to carry on the business of the house in a proper way. Evidently the government have had a change of heart and a change of mind, but I do not believe they are justified in attempting to take away from private members at this late stage of the session, one of their few remaining privileges. I protest against it.

Mr. MACKENZIE KING: There has been no change of heart or of mind on the part of the government. As a matter of fact if I had not intervened yesterday, at the time I spoke of the house sitting Wednesday evenings, I believe the motion would have been put at that time and what I am now suggesting would have been adopted. I asked that a motion be placed upon the order paper providing that the house would resume its sittings on Wednesday evenings. I did not

see the motion until I was coming into the house. I then sent for the Clerk, and pointed out to him that the motion appearing on the order paper would make it necessary for members of the war committee to be in the house Wednesday afternoons; that I felt it imperative that we should have Wednesday afternoons for the meetings of the war committee; I asked the Clerk to give me a substitute motion which would permit the proceedings on Wednesday afternoons being carried on as they have been since hon. gentlemen opposite were kind enough to make what they said was a constructive suggestion, that by omitting questions on the orders of the day we would save a great deal of time. I thanked my hon. friends for the suggestion at the time; I should like to continue to thank them for making it possible to have the house carry on as they originally suggested. It is in every way preferable that we should save time which, as hon. members know, is liable to be taken up with questions and unexpected matters which otherwise would come up on Wednesday afternoon. If hon. members are desirous of having the business of the house drag on; if that is their real wish, for my part I do not mind if I stay here until the month of December. I am prepared to remain in this house and follow its proceedings to the end, but I do think everyone is anxious to expedite business, and that has been the sole motive in presenting these motions.

Hon. GROTE STIRLING (Yale): May I ask that a definite understanding be arrived at in regard to divisions on Wednesdays?

Mr. MACKENZIE KING: There are to be none.

Mr. STIRLING: There are to be no divisions? Are we to understand that this will also cover votes in committee? A couple of Wednesdays ago an incident arose which made me wonder whether that general understanding was supposed to cover votes in committee.

Mr. MACKENZIE KING: My understanding was that any contentious question would be postponed, that we would not have a division that day. It had better be the definite understanding in regard to both divisions and votes in committee. It is just a matter of dropping the particular item for the time being, and taking it up at a subsequent time.

Mr. STIRLING: But that does not cover the matter of committees.

Mr. MACKENZIE KING: Yes. in regard to both.

Mr. GRAYDON: During the debate on the aeronautics bill or the transport bill a couple of weeks ago, if my memory serves me correctly, the question of an appeal from the ruling of the Chair came up, and in my temporary absence from the house the Minister of Munitions and Supply (Mr. Howe) said he was quite sure I would support his contention that there could not be a division in the house while this arrangement was in effect, which of course placed us in an awkward position. I think there should be some clarification in that regard, because it might bring about an embarrassing situation.

Mr. MACKENZIE KING: I think we might understand that if hon. members object to any matters being discussed further at that stage, that matter might be dropped for the time being and something else taken up.

Motion agreed to.

GENERAL CHARLES DE GAULLE

ADDRESS TO BE INCLUDED AS APPENDIX TO OFFICIAL REPORT OF DEBATES

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That the address which General Charles de Gaulle delivered on parliament hill this day, 11th July, 1944, and the other addresses delivered on that occasion be included as an appendix to the official reports of the debates for the fifth session of the nineteenth parliament of Canada.

He said: This motion is in terms similar to the one passed by this house at the time President Roosevelt addressed us.

Motion agreed to.

(*For text of address of General de Gaulle, with speeches of welcome, see page 4748.*)

MOBILIZATION ACT

FURTHER REFERENCE TO REPORT OF STATEMENT BY PREMIER OF QUEBEC

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I should like to direct a question to either the Minister of National Defence or the Minister of Labour, having to do with a Canadian Press report dated yesterday which states that Premier Godbout reiterated the statement made by him on Sunday that farmers or farmers' sons and farm hands can secure their release from the army no matter what may be their military situation if their services are needed on the farm, provided that they have certificates from the parish priest, the mayor and the agronomist. The question is this: Is it a fact that such a policy or pro-

gramme as that outlined by the premier of Quebec is now in effect, under which men are being discharged from the army when they make application, supported by the three certificates mentioned; and, if so, when was that policy brought into operation?

Hon. J. L. RALSTON (Minister of National Defence): So far as the Department of National Defence is concerned, that is not the policy.

Hon. HUMPHREY MITCHELL (Minister of Labour): So far as I am concerned, Mr. Speaker, I have nothing to add to what I said yesterday.

Mr. DIEFENBAKER: Is this correct?

Mr. MITCHELL: That is not correct.

Mr. GRAYDON: Mr. Godbout must be talking through his hat.

Mr. MACKENZIE (Vancouver Centre): Don't fight the election here.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Monday, July 10, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the proposed amendment thereto of Mr. Rowe.

Mr. F. D. SHAW (Red Deer): Mr. Speaker, during the course of my remarks last night I indicated my intention to make reference to certain observations made by the hon. member for Fraser Valley (Mr. Cruickshank). I do that, not because that hon. member happens to be involved, but because of the necessity for stating more clearly certain things which altogether too frequently are represented in an entirely improper light.

I refer to page 4684 of *Hansard,* where the hon. member said:

> I entirely disagree with the government on their man-power policy and am not afraid to say so, but I must say at the same time that every party in the house made the same mistake in 1940.

So far as the Social Credit party is concerned, that statement is not correct. I shall endeavour to show the house in a moment or two, as we have shown before, what our stand was at that time. Again the hon. member said, as reported on the same page:

> The fact of the matter is that none of us was prepared to face the public and say that we would put conscription into force from the drop of the hat, although we represented the people of Canada.

[Mr. Diefenbaker.]

Again, so far as the Social Credit party is concerned, that statement is not correct. Third, and finally, he said:

> None of the parties had courage to face the public and say that it would put conscription into force at the very outset, as the United States and Great Britain did.

The Social Credit party is the one party which did have the courage, and to that extent the hon. member's statement is not correct.

Let me go back to 1936, when members of the Social Credit party first entered the House of Commons. I have referred to this statement before. The hon. member for Lethbridge (Mr. Blackmore), house leader of this party, referring to the general prospects and the existing dangers of that day, said:

> The increase of armaments that is in prospect is a most disappointing development to all who want to see the reign of law established in international affairs and an end put to war. But where the responsibility lies is quite clear. No matter how peace-loving a nation may be it has to consider the conditions which exist in the world to-day and act accordingly. Britain has been exceedingly anxious to avoid adding to their armament burdens but in its present situation has no alternative. Nor can Canada be content with merely expressing the desire for peace.

The hon. member for Lethbridge went on at that time and indicated that this group would support such steps on Canada's part as would render her powerful enough in all respects to plan an effective part in any world crisis with which the League of Nations might be called upon to deal.

Then, he made other statements. I could take *Hansard* from 1936, right up to the present time, and prove conclusively to the house that the Social Credit party not only took the correct stand at the beginning, but is the only party in the house which has been consistent in the stand it has taken.

I wish to refer to statements made in the house by the then member for Medicine Hat, Mr. Mitchell, who, incidentally, is now a major in Canada's active army. Referring to those of our group on September 11, 1939, he said:

> The new democracy group has laid down the principle in Canada and in this house that when Canada is at war the whole of Canada is at war. You cannot conscript men and have industry and finance volunteer. You cannot conscript finance and industry and have men volunteer. This is a sound principle; it is an elementary principle of good business which it would seem imperative for this parliament to accept. If we choose not to do so now, circumstances will eventually compel us to do so. I sound this solemn note of warning to the government, that we cannot afford not to begin right. The experience of the last war, if it taught us anything, taught us that. Why is it that we refuse to learn? Must we in this crisis repeat the initial blunders and wastage of resources

and man-power that took place in the last war? If we must, then let us decide to do it frankly and openly; let us not pretend that we are not doing it. But if we would learn from the experience of the last war, then let us face the matter frankly and clearly now, and admit that the answer lies in national service—not national service of men alone, of finance alone or of industry alone; anything less than national service of all three together as Canadians would be a supreme demonstration of inefficiency.

And then, the next few lines:

The government have declared against universal conscription; the Conservative opposition have officially declared themselves as against universal conscription; the Cooperative Commonwealth Federation have declared against universal conscription. This means that these parties are allied on a principle which means suicide for Canada.

Dealing with the word "conscription" I wish to read just one paragraph from the speech delivered by the hon. member for Lethbridge in the same debate. He was referring to conscription, as it applied to manpower, and said:

Let us look at what the word means to-day. Consult your dictionary and you will find all it means is forceful enrolment of men or money that they might be available for use at the discretion of the government. It does not necessarily mean that every man conscripted will don khaki, or that he will appear in the battle lines of the world. It does mean that he shall be available to be placed where, in the opinion of those in charge, he might best serve his country. Who hesitates to be placed in that position? I do not.

It should not be necessary for me to quote further from the official record. We resent very much the attempt on the part of some people, at different times, to ally this group with them in the attitude which they adopted toward this whole question, not only before the outbreak of war, but actually after the outbreak.

More than that, I think there is one other purpose served. Sometimes we find spokesmen for certain groups, who to-day justifiably feel very much ashamed of the stand they took over the years, endeavouring to say, since they have changed their stand: "This is what we have always stood for." I say with considerable emphasis that we are the only ones who can claim to have been consistent from the start.

Mr. POULIOT: What does the hon. member say about my own stand?

Mr. SHAW: I am speaking of our group, as a group. True, there are some individuals who may have taken a consistent stand. My references have been made to groups.

There is another matter to which I find it necessary to make reference this afternoon. It does not always please me to have to make these references, but sometimes we have no choice. I refer to certain statements made by the leader of the C.C.F. party during a recent press interview. The hon. member, referring to the Social Credit party—and I think he was making special reference to the government of Alberta—said, according to the headlines, which are more or less confirmed by the text, if he was reported correctly—"Social Credit on Way Out—Coldwell". I take no exception to that, because I say we are on our way out—to demonstrate that we are capable of rocking their candidates back on their heels as they have never been rocked before.

One amazing thing in connection with the interview was that there seemed to be a certain amount of ill feeling on the part of the leader of that group in that we had not sought his advice before calling an election in Alberta. He seemed to indicate that there was a degree of indecent haste. Let me point out to him that wherever by-elections have not been held in Canada he has taken a prominent part in actually seeking redress in the courts, or has encouraged others to do so. Moreover, where certain provincial governments have extended their normal lifetime, he has been most vociferous in his contention that this procedure was undemocratic. The Social Credit government in the province of Alberta will have completed four years and four months in office by the time of the election. We are giving the people an opportunity to express their views. We feel that it is inopportune and improper to impugn motives in connection with the holding of an election. The leader of the Cooperative Commonwealth Federation party in Alberta for a period of months before the four years were completed endeavoured to convince the people there that we were afraid of an election, that we were afraid to go out and seek a mandate from the people. Then almost immediately after our announcement of an election he cried to high heaven that there was trickery somewhere, that there was indecent haste.

I do not like to do this, but I must reply to the further charge that we have carried on against what he called the democratic policies of the C.C.F. In this house, in the province of Alberta and across Canada we have endeavoured to point out to the people the dangers which exist. We are very much opposed to a rigidly regimented economy, and we are not at all backward about making those facts known. We base our fears upon the statements of certain persons whom we regard as being authorities. I have made an analysis

of the publication "Social Planning for Canada" put out under the auspices of the League for Social Reconstruction, which I believe is regarded as the Canadian socialist organization.

I should like to draw attention to the authors of this publication. They include Eugene Forsey, J. King Gordon, Doctor Leonard Marsh, J. F. Parkington, F. R. Scott, Graham Spry and Frank H. Underhill. I should like to quote from page 227 of that publication, where it says:

> If we want planning, then "we", that is, the generality of Canadians, have to delegate the task of formulating and administering a plan to some particular group or groups of men. These men will have great power over the lives and fortunes of their fellow citizens.

That is the type of thing we are opposed to. There is altogether too much governmental meddling in the affairs of our people. Then I quote from page 493 of the same publication:

> Every time we set up a new permanent independent commission to carry on some function of government, we deny in practice the naive theory of democracy in which we still profess to believe—that all power lies with the "peepul" to be exercised by their elected representatives.

We as social crediters certainly do not subscribe to that. Then I quote from page 225:

> Wide powers placed in the hands of a central planning board undoubtedly involve the possibility of interference with personal initiative and freedom.

We are very much opposed to any such proposition as that. We do not wish to have a greater amount of interference with the personal initiative and freedom of our people. Then I go to page 494, where it states:

> The proposals for economic reconstruction which have been set forth in this book will certainly, if they are adopted, strengthen both of the tendencies which have just been discussed—the growth of the power of the executive at the expense of the power of the legislature, and the extension of the practice of government by independent experts.

Here is another one to which we take the most violent exception. This outlines the philosophy of life which some are trying to bring about in this country. I quote from page 225:

> National planning is also important as a very real step towards the realization of that international control.

I quote these to give the house a complete picture of the things to which we are opposed, no matter by whom they are advocated. I turn to page 498 where it states:

> And if a socialist government coming into office in a period of emergency seeks power to proceed by order in council without day to day reference to the house, it will only be doing what has been already done in both England and Canada by those bulwarks of constitutional traditions, Conservative or "National" governments.

There is a clear-cut indication that these people are prepared to adopt a policy of government by order in council as a permanent feature of our Canadian life. I should like to quote from another publication, "Democracy Needs Socialism." I could hardly believe this one, which reads:

> The introduction of inventions could be controlled if great displacement of labour is apt to result.

That one just about stunned me, because it is a clear-cut indication that if the introduction of inventions affects in any way the putting to work of all our people, those inventions will be controlled. I do not know whether the leader of the C.C.F. party subscribes to what is contained in that book, but I do know that many of those writers are associated with his movement. I see F. R. Scott and Eugene Forsey listed, and what is remarkable, in view of our social security proposal, is that I see also the name of Doctor Leonard Marsh.

I should like to refer to another paragraph in "Social Planning for Canada" which indicates that those who are responsible for writing the book are fully in accord with the present financial system. I quote from pages 286 and 287 as follows:

> Anxious to provide the victims of depression with a scapegoat, the monetary cranks—

Referring to us, I suppose.

> —have nominated the banks for the position. by means of oversimplification or fallacious analysis of the nature of our economic system, they assert that the cause of our difficulties lies in the contraction of credit, or in the debt-creating system, or in the "gold racket" or whatnot—with all of which it is easy to identify the banker.

While the men responsible for the writing of this book may be willing to adopt a change in the ownership of the bank, they assert that they do not propose to make any fundamental change in the system of banking.

We have said as social crediters that socialism is anti-Christian. I know that is a strong statement, but I know also that all I need to do is to quote from the official publications of the socialists in order to show their views in that regard. A declaration was made at the 1912 convention of the American socialist party—I have never heard any repudiation of this—that the ethics of socialism and religion are directly opposed to each other. I should like to quote from "The Ethics of Socialism," by Belfort Bax, as follows:

The association of Christianism with any form of socialism is a mystery. No good socialist can be a Christian.

Then I desire to quote Liebnecht, who happens to be a German socialist, and who says:

It is our duty as socialists to root out the faith in God with all our might. Nor is any one worthy of the name who does not consecrate himself to the spread of atheism.

Then I should like to quote Professor Karl Pearson, an English socialist, as follows:

Can a greater gulf be imagined than really exists between the current Christianity and the socialistic code?

Then in "Science of Political Economy" Henry George says this:

Modern socialism is without religion and its tendency is atheistic.

I could go on to quote a number of others, but I think what I have quoted demonstrates the fundamental reason why we have opposed socialism, why our organization in all parts of Canada has opposed socialism. If the publication "Social Planning for Canada" means anything, then as a party who oppose centralization, who oppose regimentation, who oppose greater government interference with the lives of our people, we could not do otherwise than to oppose, with all the vehemence at our command, socialism or any form of totalitarianism. So that when the leader of the C.C.F. states that we are carrying on a radio and press campaign against fundamental democratic policies of the C.C.F., he has to do a bit of explaining, because our campaign has been against those very things which I have read as typical of certain of the leading socialists in Canada. If he wishes to ally himself with what is said in "Social Planning for Canada", then of course we shall have to admit that we have been carrying on a press and radio campaign against the C.C.F. I do not like to make any further reference to this matter, and I shall not do so. It is not very often that we find it desirable to take a course of action such as I have taken to-day, but at the same time we certainly are not prepared to sit down and gobble up all that some people are prepared to hand to us on whatever type of platter they may desire to use for the purpose.

As to the amendment to the budget, we find it unnecessary to take exception to the first five paragraphs of the Progressive Conservative amendment. We find that the intent of those five paragraphs is deserving of our support. The next paragraph, paragraph (f) is susceptible of a number of interpretations. However, we feel that the value of the amendment outweighs its weaker and less desirable features, and we are therefore prepared, Mr. Speaker, to support the amendment.

Mr. W. K. ESLING (Kootenay West): Mr. Speaker, hon. members have made a very general review of the budget at this session, but one can hardly overlook the fact that the budget contains no suggestion of ways and means of providing for a broad comprehensive programme of employment in the post-war days. After all is said and done, it is employment that the ordinary man wants, whether he be war veteran or civilian. It is true that there is provision for vocational and technical training and for some special education. But the average wage-earner wants a scale of wages which will permit him to provide for his family the comforts of a modern home and the educational facilities enjoyed by his more favoured neighbour. He wants his children to be brought up to have the same advantages as the children of his neighbour.

Perhaps the most generous source of wealth and of employment lies in the development of the products of the forest, of the sea, of the soil and of the mines. But the mines differ from all these other sources of wealth and of employment. When the forests are denuded of their products, nature replenishes them, and so it is with the sea. When the soil gets run down, its fertility can be restored by fertilizer. But the wealth that is taken from the mines is taken for good. It can never be replaced. There is no such thing as reproduction of minerals.

I judge that every one of the ministers has received from the Canadian Mining Institute, and from every mining association across Canada, and from the various communities in which mines are located, briefs and appeals for a revision of mining legislation and of mining taxation, for the very reason that there is so much risk in the investment of funds in mining companies. There is no telling whether you are ever going to get your money back from a mine. The hon. member for York West (Mr. Adamson) the other day presented to the house in detail his technical reasons as a mining engineer, and other reasons gained from his experience, as to why there should be a revision of mining taxation if mining development throughout Canada is to continue. He spoke as a mining engineer. I want to endorse his proposals speaking from the experience of half a century in the mining districts of West Kootenay. I speak from personal observations.

Early in 1900, as the British Columbia *Gazetteer* states there were 2,500 registered mining companies in British Columbia. We will admit that some of the mining properties

may have turned out to be wild-cats. That is to be expected. But in all the rest there were several mining prospects which were developed and brought into production and which continued as shipping mines. The life of a mine has been variously estimated running up to a maximum of twenty years. You keep pouring in your money, and it is true that you take out the ores and the values of the mine, but eventually the ore is exhausted and the mine closes. In any one of these localities in which a prospect is found which later develops into a shipping mine, what do you find? You find that immediately a little community crops up, with stores and businesses; then come churches and a newspaper, and you have a general settlement which creates business for the community, taxation for the government, the purchasing of supplies and mining machinery from all portions of the dominion of Canada.

I will cite for you the silver, lead, and zinc sections of West Kootenay, known so well as the Silvery Slocan. In twenty-five years they produced $50,000,000 worth of metals. There were a score of mines operated. A group of businesses sprang up; machinery and supplies were being bought from all over Canada, and taxes were being paid both to provincial and to dominion governments. To-day there are very few of those mines in existence. Half a dozen of the mines find it necessary to ship their zinc to the United States because there is no market for it in Canada. I have seen the Great Northern, built from the United States, competing with our Canadian Pacific Railway in building branch lines to get out the ore from the mines. I have later seen these lines abandoned, and the rails torn up, and no more business in those communities.

Or taking the adjoining district of Yale. The Granby company went in there in 1900 and developed mines at Phoenix. In a very short time a prosperous community was organized there, with two branch lines of railway running into that area. That prosperity lasted until 1919. They were taking out 4,000 tons of ore daily. Then in 1919 the ore petered out, the mine was abandoned, and later fire came along and destroyed the whole settlement; then the smelter at Grand Forks was dismantled.

The company also went into the area on the northwest coast where they developed a modern community in the town of Anyox. There they had a smelter, modern homes for their workmen, and there also they were taking out 4,000 tons of ore daily. That was in 1914. That went on until in 1935, when the ore petered out and they had to abandon the mine. They abandoned the huge power plant which they had constructed; they dismantled their smelter, and the machinery was scattered to the four corners of the earth. There you have an instance of another twenty years since which a mining property ceased to be a revenue producer.

I can take you over to Texada, where a smelter was built in the early days. True, it had a small capacity, and it only lasted long enough to take care of the ore for two adjacent mines. There was also a smelter at Ladysmith; that, too, was abandoned in a short time.

Coming back to the Boundary district, we had the British Columbia Copper company, which had a capacity of 2,000 tons daily, and treated the ores in that district. You may judge that the industry was a thriving one inasmuch as it built up a community in that and the adjoining district of some six thousand people, all of whom were earning their living from the mines and smelter; but it passed into history in 1917, and the population to-day is about half.

We come over now to the West Kootenay district. A smelter was built near the international border at Northport. Then the British America Corporation invested the sum of seven million dollars in properties in the Rossland camp and for the purpose of shipping their ore to the Northport smelter, but it was not very long before that ore petered out and that smelter was abandoned.

Take the Hall smelter at Nelson. That continued in operation until 1907, when the ore remaining there was no longer suitable to carry on the smelter.

You can go over to East Kootenay at Marysville. There was a large smelter and a mine, and they were abandoned simply because research had not made it possible to treat those ores.

Now we come to my own city of Rossland. It opened in 1895, and by 1900 its population had risen from 300 to 6,000, as evidenced in the British Columbia *Gazetteer*. There were churches, an opera house, three vaudeville theatres, two daily papers, and forty-two saloons, and the bars were open twenty-four hours a day seven days a week. It was a most prosperous community. A railroad line was built fourteen miles to move out the ore. A railroad was built from Rossland down to Trail to carry the ore to another smelter which Mr. Heinze, of Butte, Montana, built and which afterwards passed into the hands of the Consolidated Mining and Smelting company. The Rossland mines, and there were many of them, took out something like $80 millions in the course of their operations. In 1920, about twenty-five years from the time

they were opened, the mines were permitted to be watered and closed; the machinery was taken out and the rails torn up, after having serviced several miles of underground tunnellings and workings. To-day Rossland is a residence community. The fact that the Trail smelter remains is a tribute to research and wide prospecting. That is what is necessary to give new life to the mining industry of British Columbia.

I have mentioned these things in order to emphasize my endorsement and to permit the government to understand why there is this request for the revision of mining taxation, along the lines of a greater depreciation allowance and for the allowance of taxes paid to municipalities and provinces. I ask the minister and the government, for the sake of the employment which the mining business will bring to the post-war order, to give serious thought to this matter of mining taxation.

Now I want to express to the Minister of Finance (Mr. Ilsley) the gratitude of the blind people of Canada for having included in his budget what is known as a guide allowance for the blind, that is to say, an allowance to take the blind to and from their places of employment. Blind people are just as anxious to be independent as are those who can see. The minister's move is a very creditable one, and we thank him for it. But I repeat my plea to the minister and to the government to give further consideration to the matter of pensions for the blind. To-day a blind married man is permitted to earn and receive $865, including pension. Do you think that any labour organization would countenance for one moment the employment in any industry of a married man on earnings, including pension, of $865 a year? Surely the blind man has just as much pride in his family life, as the sighted man, and I ask the government to give thought to that matter.

Then consider the position of the blind boy. At the age of twenty-one he should have some encouragement. He has a future. I wonder whether the Prime Minister, or the Minister of Finance, or any member of what is known as the hard-hearted treasury board, if he had a blind son at the age of twenty-one, would not give him all his affection and every possible help through life. All that the Canadian National Institute for the Blind is asking is that the blind lad be given a pension at the age of twenty-one in order that he may equip himself to earn something in the future.

I want to express an acknowledgment to the Minister of Pensions and National Health (Mr. Mackenzie) for having put through an order in council which is practically the first step in the rehabilitation of blind soldiers. Six years ago I appealed to the government to permit blind civilians, also blinded war veterans, to take concession stands in public buildings. They were permitted to have such stands in business blocks, but for some reason the government did not see their way clear to permit such stands to be located in public buildings. The minister has now put through an order in council which provides that the Canadian National Institute for the Blind shall find employment for and reestablish blind veterans by the construction of concession stands in public buildings across Canada. This is going to give employment to every blind man who comes from overseas. Do not think for one moment that these concession stands are nothing more than an ordinary counter with something on it for sale. Not so. The institute does not do business that way. These concession stands are built to standards; they must conform to the architectural surroundings and to the general construction of the corridor of the building. If the wainscoting is in marble, then that stand must be in marble; correspondingly if it be oak or any other material. That stand is stocked with newspapers, magazines, tobacco and all such articles by the Canadian National Institute for the Blind. The blind attendant receives every dollar of profits that passes over the counter, except three per cent which is deducted for depreciation.

The house can readily understand these men coming home from overseas without their sight and without much encouragement for the future. But when they are given to understand that there is a living made possible by the Canadian National Institute for the Blind, they will certainly have a brighter outlook on life. And speaking of the men from overseas, not only of this war but of the last war, there is not a member of this house who served overseas, or who for years after the war had anything to do with applications for pensions, who does not know that the greatest difficulty lay in proving that the disability for which a returned man applied for a pension was due to war service. What was the reason for that? The reason was that these men had been overseas for several years; they were anxious to get back home. They were brought to this country and when they were demobilized the medical board examined them, or was supposed to examine them. In every case the man was so keen to get home that he said: "I am all right." And he was discharged as A-1. What was the result in after years? The exposure, shell shock and gas that the men

had experienced did its work, and the men became physically disabled. When they applied for pension the medical sheet was referred to and they were told that they were discharged as A-1 and that the disability for which pension was asked was due to post-war services.

I have seen a disabled veteran stand before the tribunal, supported by the soldiers' advocate and by his own attending physician. He was unable to stand alone. Naturally one would be justified in assuming that that was due to exposure or shell shock or some overseas service, but he was told that he was discharged as physically fit, in category I, and could get no pension. But I shall tell you what the Consolidated Mining and Smelting company did in the case of that veteran. They put him in a wheel chair at the gate. They let him sit there and take messages from those who chose to enter, but he received no pension or assistance from the government. Therefore I think the greatest service that the relatives of friends of a man overseas can do for him, or that the government can do for him, is to advise any boy overseas to be sure that there is a most detailed record of every incident in connection with his services; any time he was in the hospital or wounded or had any disability whatsoever should show on his record so that when he is demobilized and receives his medical chart he has some grounds on which to make a future application for pension if he needs it.

I wish to return to the Minister of Finance for just a moment. In July of last year I brought to the attention of the government the fact that so many deaf and hard of hearing people were penalized because the high price of a hearing aid was beyond their financial reach. Those hearing aids sold for $150 to $200. I asked the government to have the Research Council of Canada go into this matter to determine what was a fair price at which those instruments could be manufactured. Well, they did not do that. What happened was this. It rested with a manufacturer in the United States to call in his research council. He told them to produce a hearing aid which would be within the reach of the general public, and I am glad to say that while those hearing aids at $40 were being distributed to veterans and paid for by the Department of Pensions and National Health, it was only last week that the same company opened its office in Windsor, Ontario, so that the deaf and hard of hearing people in Canada could secure that device at the same price in Canadian funds at which it is sold in the United States, namely, $40. The war exchange tax and the sales tax are paid and it is delivered to the buyer's home.

Mr. MACKENZIE (Vancouver Centre): May I be permitted to interrupt my hon. friend for a moment? He referred to the fact that a suggestion was made that this be investigated by the national research council. That was done completely and thoroughly. I shall be glad to send my hon. friend a copy of the report.

Mr. ESLING: I thank the minister for his explanation. I wish to make one more request of the minister. There are to-day thirty manufacturers of hearing aids in the United States. Twelve of those have received the approval of the United States medical council. If those people are going to seek a Canadian market with a low-priced instrument, I ask the government and the minister to see that no instrument is sold in Canada unless it has the approval of the national research council. That is very important.

Mr. MACKENZIE (Vancouver Centre): As far as our jurisdiction in the department goes, that will certainly be done, because we must have their approval.

Mr. ESLING: Your instrument has had that approval?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. ESLING: But I am speaking about instruments that may be brought into this market.

Mr. MACKENZIE (Vancouver Centre): The same procedure will be observed in every case.

Mr. ESLING: While I am on this subject I should like to ask the Minister of Finance if he will not just interest himself in this, and give thought to the fact that there are so many deaf and hard of hearing people who cannot carry on any vocation whatsoever unless they have a hearing aid. I wish to ask him if he will not provide for an allowance or a deduction in income tax for hearing aids and for the cost of maintaining the batteries, just as allowances for maintenance are made in the department of pensions. He might choose one of two things. If he makes that allowance, it permits people to earn their living. Deaf people and blind people can earn just as good a living, if they have the opportunity, as sighted people, but they must have help. The minister will have to choose between making that allowance or losing income tax from such people when they are helped into gainful occupations.

I cannot see whether the Prime Minister is in his seat, but I wish to refer to the fact that I think it was last March I asked the Minister of Labour if the Japanese would be removed from the interior of British Columbia when hostilities ceased. He said that that was a matter in which it would be necessary for the government to determine as a future policy. I know that it is a matter in which one cannot jump to conclusions too readily, for the reason that there are international complications; but the Minister of National Defence during the absence of the Prime Minister at the conference in the old country stated that during this session the Prime Minister would make a statement as to the policy in connection with the Japanese. Well, the war has been going on for five years. This is a serious question, and I am just wondering whether we can keep these Japanese interned after hostilities end. If we cannot; if we must simply lift the bars and let them out, they are going to invade the business districts of Kootenay and the adjoining constituency of Yale. It may be said they can be sent to other provinces, but after the war there will be nothing to keep them there. They will come back to British Columbia and congregate wherever they please. I believe the government would receive popular approval if it took steps to deport these people. I do not mean that those born in Canada should be deported; that would be contrary to our constitution, which must be respected. I do not mean that those who have been naturalized should be deported, unless it can be shown that they were naturalized for improper motives; and most of them were naturalized for the sole purpose of getting a fishing licence. I do say that the nationals of Japan, for whom this country has no responsibility, who owe allegiance to the emperor of Japan, should be deported, and that they should be encouraged to take with them such others as may be willing to go.

Mr. P. C. BLACK (Cumberland): Mr. Speaker, I know it is the desire that this debate be terminated, and I do not wish to prolong it. I have been in Ottawa since about the middle of January, and it is now well on to the middle of July. Those of us who come from the outlying portions of Canada, particularly coming from Nova Scotia, want to be back home for part of the summer months. There are many matters having to do with the maritime provinces that should be discussed, but I am going to deal with only one or two this afternoon.

I want to bring to the attention of the house and the Minister of Finance (Mr. Ilsley) one matter of very great importance, which I do not believe has received the attention it deserves. I refer to the unfair taxation on electrical energy in Canada. I cannot understand why a system of taxation should be continued under which the central provinces are largely exempted, great public utilities are exempted, but smaller plants, all financed by private enterprise, are subjected to very heavy taxation. A short time ago Premier Godbout delivered an address in which he explained his action in taking over the Montreal Light, Heat and Power company, taking credit to himself for saving the people of Quebec very large amounts of money in federal taxation on the generation of electrical energy in Quebec. Any system of taxation on electrical service should have some basis of fairness to the companies producing the electricity, to the municipalities, the industries and the householders consuming it. Such is not the case in Canada to-day. Taxation should be adjusted so that the production of electrical energy may be encouraged, in order that rural electrification may be carried out as extensively as possible, to make electricity available to farmers and others in outlying districts. Why should electrical energy generated at great natural water power sites, financed by public money borrowed at low rates of interest, be free of taxation, while smaller plants, privately owned, are forced to pay heavy taxes? There is nothing fair or just in that.

I want to quote from the address by Mr. Godbout, as reported in the Montreal newspapers of June 29:

> For household service the customer in a great city like Montreal paid $1.80 for power kilowatt hours, while the consumer in Toronto only paid $1.31. In St. Johns, Quebec, the cost was $2.10, while at Kitchener it was scarcely $1.24. . . .
>
> For industrial and commercial services the difference was even more marked. Electrical consumption, which would have cost $97 in Toronto, a centre served by the Ontario hydro, would have cost $420 in Montreal and $510 in St. Johns. . . .
>
> Well, the hydro has put an end to the ridiculous regime I have described. It has already reduced the rates by $2,210,000 a year in the district of Montreal alone, and three other hydro electric companies have followed in reducing their rates by more than a million dollars. The hydro has been able to do this because it is relieved of the federal tax of six millions a year. . . .
>
> This has been accomplished because hydro Quebec was not created to benefit the provincial treasury, but to service the customers at cheap rates and permit us to complete as soon as possible the urgently needed rural electrification. The service as such has not changed. . . .

In Nova Scotia part of our electrical energy is generated by publicly-owned plants, and part

by private industry. Some communities pay heavy federal taxation on their electricity, while others escape such taxes. The people of Nova Scotia pay more than $1,000,000 a year because of this inequitable basis of taxation. I should like to read an extract from an article which appeared in the Halifax *Herald* as late as June 30, in connection with some publicity having to do with inquiries into the rates on electrical service. Due to war conditions there has been increased production and consumption of electrical energy, which automatically reduces rates:

> Nova Scotia's position in the utility field is peculiar. Many of the plants are publicly owned and are exempt from federal and provincial taxation. On the other hand the biggest are in private hands and subject to levies by Ottawa, which amount to a sum in excess of a million dollars a year. The remainder is the municipal and provincial taxation paid by these same companies.

I have made inquiries in my own constituency of Cumberland, where practically all the electrical energy is generated by private industry. About forty years ago a company established in that county the first electrical generating plant in the world at the mouth of a coal mine, utilizing refuse coal. This plant has been relocated, enlarged and modernized, so that it can compete as to cost with all but the largest of the hydro generating plants. To-day, however, enterprise is penalized and householders and industries depending upon this plant have to pay fifty per cent extra to provide for taxes. I wired the manager of that company, as follows:

> Please wire me amount federal and provincial taxes during last year paid by your company, also estimate total amount such taxes paid in Cumberland. What percentage could rates be reduced if all such taxes were exempted?

This is the reply, dated July 3:

> Provincial and federal taxes total $106,800; equal 21 per cent gross revenue. Municipal taxes in addition $19,900, equal 3·9 per cent. These do not include 8 per cent federal sales tax on lighting. Edison Company, Springhill, tax probably $12,000.

There is another privately operated light and power company generating electricity and serving the eastern portion of my constituency and the northern portion of the county of Colchester. All the companies in Cumberland, and a large number of those in Nova Scotia, are called upon to pay heavy federal and provincial taxes, while the electrical generating plants in central Canada escape.

There is no justification whatsoever for the continuance of a tax, when it is not levied equitably on the people in all sections of the country. There is no justification at all for imposing heavy taxation upon private enterprise established in pioneer days, and because of economies and efficiency in operation is now producing electrical energy so as to compete with government plants. Still these companies are taxed, and their charges are from 33⅓ to 50 per cent higher than they would be if government taxes were not imposed.

I bring this matter to the attention of the minister, the house and country, and request that in view of the fact that the taxes on electrical energy are not now levied throughout Canada on an equitable basis, and are unfair and unjust to many communities, these conditions should not be allowed to continue. A special amendment should be made to the budget resolutions in order that all federal taxation and, following that, all provincial taxation, be taken off the generation and distribution of electricity, so that people in all parts of Canada will be treated alike, and so that there may be a wider use of electrical energy in connection with rural electrification, and the establishment and operation of small industries.

I hope the minister and the government will accept my recommendation. Certainly in fairness to people throughout Canada no taxation should be tolerated when it is levied on the present basis, whereby the premier of a province can make an appeal to his electors on the ground that he has been able to take over a big utility and, because he is no longer compelled to pay any tax to the federal government, he is in a position to relieve the people of that province to the amount of $6,000,000, while smaller industries elsewhere are compelled to continue payment of these taxes. I make this appeal to the minister to see that this taxation is cancelled, so that all parts of Canada may be treated alike.

There are many other matters to which I should like to refer. I would speak particularly about conditions in the coal mines of Nova Scotia. A serious statement was made only a few days ago by the minister of mines of Nova Scotia, Hon. Mr. Currie, when he gave warning to the people of that province and the people of Canada, that if the cost of producing coal in Nova Scotia continues at its present level we will have seen the end of the coal-mining industry in eastern Canada. I hope that production can be increased and costs reduced.

I believe the discontent among miners and absenteeism can be traced largely to what they consider to be unfairness in taxation. I believe there is a general feeling among miners that taxation is excessive and unfair. If the proposals made in the amendment moved by the hon. member for Dufferin-Simcoe (Mr. Rowe) are acted upon, it will

have a very beneficial effect upon the morale of the people working in the mines, shipbuilding and war industries. They would no longer be subject to taxation on overtime. The taxation on single persons would begin at $800, and on married persons, at $1,600.

It is very important that this change be made, and that we assist in this way in building up the morale of workers in all parts of Canada. I feel that the amendment would have a very beneficial effect on the coal mining industry in my province, and I shall heartily support it.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I wonder if I might at this time have only two or three minutes. I have no desire to make a speech, but there are one or two things I should like to bring to the attention of the house.

In order that the Progressive Conservatives' position on the man-power problem shall be made incapable of the kind of misrepresentation attached to it by government supporters during the current debate and certain hostile sections of the press, I now reassert and reaffirm our policy relative to this vital issue.

It is clearly and unmistakably declared in the Winnipeg platform which reads as follows:

5. Recognizing that the world struggle in which Canada is engaged requires a total war effort, we believe in compulsory national selective service, and that all those selected to serve in the armed forces should be available for service wherever required. We believe in the effective total utilization and proper allocation for war, by compulsion where necessary, of all the resources of Canada, including agriculture, industry and finance, as well as man-power, and that our aim should be at all times to bring about so far as human means can achieve it, an equality in sacrifice.

It has been reaffirmed by our national leader on such important occasions as the meetings at Massey hall, Toronto, a year ago and subsequently in the city of Quebec and elsewhere. It has been redeclared over and over in the House of Commons during this session and previous ones.

The statement of the director of national selective service that Canada was headed into the most acute labour shortage the country has ever faced, coupled with the urgent appeals for reinforcements made by the director of recruiting, at a time when our troops overseas were fighting to gain a bridgehead in Normandy, were followed by a speech by the national chairman of our party at Guelph, Ontario, on June 19 last.

At the same meeting the national leader of our party made this statement at the close of the national chairman's address, and this is what Mr. Bracken said:

One point in particular in Mr. McTague's remarks I wish to support and endorse. He pointed out that since the war we have had many statements from the Department of National Defence as to the urgency of reinforcements, and he added, "Surely national honour demands that without an hour's delay the necessary order in council should be passed making these reinforcements available." In this time of national emergency, surely there will be no Canadians who will find it in their hearts to deny that appeal. Certainly it carries the endorsement of this party, and I would like to think of the great majority of people in all parties as well.

The Winnipeg platform was further followed by the financial critic of our party in this debate, as well as by those on our side who have spoken. It is incorporated in the amendment now before the house, which was moved and will be unanimously supported by our party. In other words, the policy adopted at Winnipeg is the policy of the Progressive Conservative party; and in accord with it I now call upon the government to pass immediately the order in council making the home defence army available for service anywhere and demand that the mobilization call-up be applied equally to the end that equality of service shall be achieved in all parts of Canada.

Mr. GEORGE BLACK (Yukon): Mr. Speaker, at this late date in the debate I do not intend to delay the house very long, but I think I should say a few words. So far as the constituency which I represent, Yukon, is concerned, the effect of the budget will not be very great. There will be a slight reduction in taxation of those in the lower income brackets. Before the war the income of the people of the Yukon was derived almost entirely from the mining of gold and silver. As I have stated before in this house, the recent high taxation, probably necessary because of the war, has made it very difficult for Yukoners to carry on. This high taxation added to the high cost of living makes it doubly hard for them.

As has happened in many parts of Canada, the war has brought what might be termed a measure of prosperity to southern Yukon. The United States have undertaken a number of projects up there, such as the Alaska highway, the piping of oil from Norman Wells, the establishment and operation of an oil refinery at Whitehorse, and the building of a splendid airport there by Canada. These have all added to the prosperity of that part of the territory. They have all entailed the expenditure of large sums of money, which has meant increased revenues to merchants, hotelkeepers, contractors and possibly to most of the general public.

As I have said before in this house, the government policy of establishing wage ceilings in the Yukon on Canadian employers and employees while United States employers and employees, working side by side with them in Yukon, were allowed to pay and receive much higher wages, has created a great and lasting dissatisfaction. At the last session I urged the government either to remove the ceiling on wages in Yukon or to make foreign employers and employees conform to the rates established by this government while in Canada. However, the Minister of Labour (Mr. Mitchell) turned a deaf ear to the suggestion, and the unfairness to Canadian labour has continued.

The shortage of man-power has handicapped gold mining in Yukon, as it has throughout Canada. The shortage of man-power in Yukon is due to the fact that most of the young men there who were of war age quickly answered their country's call and are now to be found in the navy, the army and the air force on all the fighting fronts of the world. Due to high taxation and the shortage of man-power the output of gold in Yukon for the current year will not be more than one-third of the average production.

In order to show the effect of the government's taxation policy on mining in Canada I should like to quote from studies which have been made by competent authorities and which show that Canada's mining industry is in a precarious position. New mines are not being developed fast enough to replace those being worked out. Eighty-four per cent of Canada's 1942 metal production came from mineral areas discovered prior to 1920, and only five per cent came from mineral areas discovered since 1930. That is a serious state of affairs. The report of the committee on reconstruction appointed by the dominion government says of the mining industry:

> An immediate radical change of national policy in regard to mining is clearly indicated in order for us to pull our weight in the war and to have a reasonable chance of maintaining a mining industry in the post-war period. If this policy is not changed there is little use in counting on the mining industry to help carry the post-war load or to help in the rehabilitation of our men now in war services.

The Canadian Institute of Mining and Metallurgy, in an official brief on taxation presented to the federal government on February 24, 1944, said:

> Unless relief from destructive taxation is forthcoming at an early date, the Canadian mining industry will continue, at an accelerated pace, on the road to exhaustion.

[Mr. G. Black.]

The brief on taxation of the Quebec metal and asbestos mining industries emphasizes:

> The immediate future of the Canadian mining industry, and the part it may or may not play in post-war years in alleviating unemployment and the rehabilitation of other industries, is largely in the hands of the dominion government. On it must rest the responsibility. Drastic and prompt action by federal authorities is necessary provided the industry is to survive.

The Ontario mining association brief says:

> To-day, mining in Canada is on a salvage basis, with little or nothing being done to assure its continuance as an all-important basic industry.

The Ontario mining commission, appointed by the province, declares in its preliminary report:

> Unless some favourable action is taken to overcome the handicaps under which the business is now operating, it will continue its present decline, and at an accelerated rate.

The Canadian mining industry does not ask preferential treatment as to taxes. Nor is it the aim of the mining industry to attempt to shift the necessarily heavy war-time tax load on to other shoulders. What the mining industry does ask, however, is that mining taxation be placed on a sound basis, and it recommends:

> That depletion allowance of fifty per cent of the net earnings of metal and industrial mineral mines be allowed, and extended to dividends paid by such mines.
>
> That taxes paid annually to provincial governments and to municipalities be allowed as a deduction from earnings of all mining companies before assessment for dominion income and/or excess profits tax purposes.
>
> That all annual expenditures made by mining companies on outside exploration in any part of Canada, excepting cost of options or purchases of property, be allowed as a deduction from earnings before assessment for dominion income and/or excess profits tax.

I am informed that the above recommendations represent the unanimous views of all investigating bodies appointed by government and industry alike as to the proper method of providing an over-all equitable plan of mining taxation and to place the industry on a footing where it will best be able to perpetuate itself to the lasting benefit of Canada.

In last year's budget, part of the amounts contributed by corporations and syndicates to be expended in exploration and prospecting were credited on taxation. In Yukon, not only corporations but individuals contribute to prospecting and exploration, but under the budget of last year the contributions by individuals were not allowed as credits so far as taxation was concerned. I wrote to the Minister of Finance suggesting that his policy be broadened, and he referred me to the Minister

of National Revenue. Since then I have had the privilege of briefly discussing it with that minister, and I am inclined to think he is favourably impressed and that some relief will be granted.

A wide range of subjects has been discussed in this budget debate, but one which I think is of public interest, one which should be of interest to the house and the people of Canada, is the present unsettled condition of the civil service of Canada, a condition which has obtained throughout the past four years. My attention was called to this matter by a recent broadcast by Raburn. Instead of the claims and grievances of the civil service employees being referred as they should be to the civil service commission I understand that the Minister of Finance has undertaken by his own efforts to a large extent to deal with these complaints and difficulties and that a national joint council on civil service affairs, consisting of sixteen members, has been appointed. It is not to be headed by the chairman of the civil service commission, who I think would be best fitted for the position, but by one with only a limited experience in civil service matters. As yet I do not think the house has been told, at any rate for my part I do not yet understand, what the functions of this national council on civil service affairs are to be. Is the council to supplant the civil service commission? Is it to take over their duties? If so, I think it would be necessary to have an amendment to the Civil Service Act.

I think the house should be informed of the activities of the government concerning the civil service commission and the civil service generally. When the Civil Service Act was first passed it was considered to be the finest piece of civil service legislation in existence. Under it the returned soldiers were given a preference which satisfied them and was equitable, and for a long time the civil service commission saw to it that a member of the Canadian Legion sat on every board of civil service examiners. The civil service was reclassified by the commission on a duty-salary basis and on the readjustment the additional salaries paid to the civil service in Canada amounted to $10,000,000. I believe that the returned men of to-day would not have that well-established system abolished or interfered with. But my information is that the civil service commission since the war began has been largely ignored and that thousands of so-called war workers have wormed their way into the civil service without reference to the civil service commission. Take the Bank of Canada, with its army of employees; the income tax branch, with its army of employees; the broadcasting corporation and the unemployment insurance commission—my information is that none of these employees is subject to control by the civil service commission. New departments, new agencies, numerous special so-called war departments and agencies are being established, and my information is that the civil service commission is not consulted in regard to any of them. In fact, the civil service commission has become a joke and is ignored.

In the past the civil service commission and the civil service were looked upon as the right hand of the government. The civil service will have increased duties and responsibilities after the war and it should be strengthened and encouraged. As I see it, the policies of all parties should be: hands off the civil service. Positions for returned men which are now being filled by others should be reserved for the returned men. Only recently a radio broadcast from the civil service commission announced the establishment of some new agency and that the age limit for the employees of that agency would be sixty years. Heretofore the age limit was thirty-five years. Why that change of policy?

I think it would not be asking too much if I asked the Minister of Finance before the close of the session, if not in closing this debate, to tell the house of proposed changes in the civil service and in the civil service commission and of the reports that have been made to him or to the government by, I think, three commissions or committees which have been set up on civil service matters.

Canada is progressing in social legislation, which is all to the good, but the cost of administration of that social legislation may not be realized by some members of this house, much less by the people of Canada who pay the shot. For instance, take the unemployment insurance commission. In the present fiscal year it will cost over $5,000,000 in federal taxes to pay the expenses of the unemployment insurance commission. This is more than twice as much as the commission has paid in workers' benefits in the previous three years. Administration costs or expenses during those three years were almost five times as great as the total amount paid in benefits. Workers' benefits to the end of March last totalled $2,465,043.41. Administration costs for the same period totalled $12,187,993.64. These administration expenses come out of taxes and are an extra charge on the insurance contributor. I am all in favour of unemployment insurance, but surely it could be administered and handled at a lesser cost to the taxpayers of Canada.

Mr. ILSLEY: Mr. Speaker, I presume that my remarks now will close the debate on the amendment. Am I correct in that?

Mr. SPEAKER: The minister is not closing the debate on the amendment. Of course, he has the right to speak but he is not closing the debate on the amendment which was moved by the hon. member for Dufferin-Simcoe (Mr. Rowe).

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, I do not think there are many other speakers, so that I will say what I have to say now, in the hope that we can take the division or divisions this afternoon.

The debate has gone on for some days. I am sorry that it has not been possible for me to be in the house all the time, but I have kept very closely in touch with the debate. It will be impossible for me, of course, to deal with all the suggestions that have been made. Two amendments have been proposed, the first by the hon. member for Dufferin-Simcoe (Mr. Rowe), and then a subamendment by the hon. member for Rosetown-Biggar (Mr. Coldwell). The subamendment proposed by the hon. member for Rosetown-Biggar was an addition to the amendment proposed by the hon. member for Dufferin-Simcoe. That is, it placed the stamp of C.C.F. approval upon the proposals of the Progressive Conservative amendment, and then added a few proposals peculiar to the C.C.F.

That subamendment was voted on at a very early stage of the debate without any discussion, but since most of the remarks of the hon. member for Rosetown-Biggar were made before he moved his amendment, I should like to deal with some features of his speech.

I am going to take the position that the amendment proposed by the Progressive Conservative party contains certain inconsistencies and evidences a degree of irresponsibility; but I would not go quite that far in regard to the C.C.F. amendment. Irresponsible—yes; that is, irresponsible from the point of view of those who would like to see the framework of society as we have constructed it in Canada continued, but not inconsistent. To those who believe that business should be torn to pieces and that class antagonisms should be aroused to that end the amendment is a good amendment, and the speech of the hon. gentleman is a good speech and is consistent with the doctrine of the party which believes those things. But to those who believe that a good part of what we built in the past we should continue to retain, the amendment of course would not commend itself, nor would the speech.

Since I have been in the house I have heard a great many criticisms of budgets, and I have often heard this phrase, which was used by the hon. member for Rosetown-Biggar, "rich man's budget." He used it in the concluding part of his remarks. Let me read to the house his words as reported in *Hansard,* at page 4353:

> I feel that this is indeed a rich man's budget. It offers a sop to the poor and underprivileged, but on the other hand it contains most valuable concessions to the rich and powerful individuals and corporations who to-day control this land. That, Mr. Speaker, is what I wanted to say.

I cannot for a moment let these remarks pass unchallenged. I consider them entirely unjustified. It seems to me that any person who regards any budget which has been brought down during the course of this war as a rich man's budget has something wrong with his judgment. The budgets which we have presented to this parliament during the war have imposed very steeply graduated progressive taxation upon the people of Canada, have taken enormous taxes out of those with the higher incomes and those of wealth. That has been the policy which has been followed throughout the war. To adopt this old catch-phrase of a "rich man's budget" and tack it on to this budget is not in keeping with the sense of responsibility which the leader of a group or a party in this house should have.

"Big business" was the phrase which the hon. gentleman used; we were helping big business, he said. He left out of account altogether the fact that the means of encouragement which are proposed in this budget to business in this country, the assurances we are giving to business as to what it can expect in the post-war period and in the transition period, are privileges available not only to industry but to agriculture; they are available not only to big business but to small business; and they are a means of encouragement which we are giving for the purpose of providing employment and helping the rank and file of the common people of this country to make a suitable transition from the war period to the post-war period and to prosperity in the post-war period.

The hon. gentleman said something else in his speech which I should like to criticize. He said, as reported in *Hansard,* at page 4349:

> The present concentration of wealth in their hands—

He is speaking about the speculators and the big holders who, he says, will be taking up the cashed bonds after the war.

> —will in my opinion after the war be intensified because our present taxation methods make that almost certain. With this and other factors in mind the party which I have the honour to

represent have proposed that the government guarantee victory bonds to the extent of one hundred cents on the dollar for the protection of the small holders against depreciation or speculation.

Now, will the present concentration of wealth—if any—in the hands of big holders of bonds be intensified because our present taxation methods make that almost certain? I challenge that statement, and I want to deal with it. It is true, I believe, although I have never checked the figures, that after the last war there was a tendency to concentration of victory bonds in the hands of big holders. But there have been two changes in our taxation system between that time and this which set in motion directly opposite forces. The first is that our income tax now taxes all the income from bonds. At the end of the last war, with a large number of the bonds issued during the war tax-free as to income, they took on a value in the hands of persons in receipt of heavy incomes which caused them to become concentrated in their hands. That is not the case at the present time. The case is just the reverse, because persons with large incomes, if they acquire victory bonds after this war, will have to pay a very large percentage—sometimes as high as eighty, ninety, or ninety-five per cent of the income which they receive on these bonds—by way of taxation, and concentration will be discouraged, instead of encouraged as it was by the taxation arrangements in existence before.

The other change in our taxation system between the last war and this is the change in succession duties. Succession duties are much higher. They are much higher in the provinces, and we have dominion succession duties as well.

The combined effect of the three factors—the factor of taxability of all victory bond interest, the factor of steeply progressive rates and very much higher rates of taxation on victory bond interest than was the case before, and the factor of succession duties—will make for dispersal rather than concentration, a fact to which the hon. member for Rosetown-Biggar has given no consideration whatever.

Now as to the next statement:

With this and other factors in mind the party which I have the honour to represent have proposed that the government guarantee victory bonds to the extent of one hundred cents on the dollar for the protection of the small holders against depreciation or speculation.

The effect of that proposal which the hon. gentleman has made, and made repeatedly, and which has a certain plausibility, is simply this, that no person would have any reason for accepting or buying a bond which paid less than three per cent. It would be utterly impracticable, utterly impossible to make a division between small holders and large holders. Any provision that if more than a certain value of bonds were presented the guarantee would not apply would be entirely impracticable; and if the guarantee were applied to all bonds, why would anyone buy a treasury bill or lend money on a deposit certificate or lend money for two years to the government? They would all buy the long-term bonds at three per cent, because their par value would be guaranteed throughout, and the result would be that we would lose millions of dollars every year, the advantage which we now get through our market for short-term securities.

These are very simple considerations, and I am greatly surprised that the leader of the C.C.F. party, occupying so responsible a position, should repeat and repeat this policy of his of guaranteeing that the bonds would always remain at par, having no regard whatever to the cost of financing which that would entail on the country. I have not very much more to say about the speech of the leader of the C.C.F. party. I think it was consistent with the attitude of the C.C.F. toward business and the economic problems of this country.

I now wish to direct some attention to the amendment proposed by the Progressive Conservative party. Before I come to that may I say that in the course of this debate some hon. members have expressed a considerable amount of concern at the size of the debt and the degree to which it is mounting. One of the hon. members who spoke very forcibly on this subject was the hon. member for Vancouver-Burrard (Mr. McGeer). I think he believes that we should have financed the war in an entirely different way, a way which would not have resulted in the piling up of the volume of internal debt that has been necessary under our present method of financing. I have gone into that question time after time in the house, but the more I think about it, and I have thought about it quite a lot since I heard the speech of the hon. member for Vancouver-Burrard, the more I am convinced that we have financed the war in the only way in which any responsible government and any responsible minister would dare to finance a war, for this reason: when the government is pouring out vast sums of money on war expenditures for goods, a large proportion of which are not consumers' goods, then unless the price level is to soar to great

heights the money must in some way be brought back from the people into the coffers of the country.

Mr. BLACKMORE: It cannot be done without debt.

Mr. ILSLEY: No, it cannot. Certain groups in this house become tremendously excited when I begin to talk about these matters, but if they will just contain themselves for a moment I shall continue. Let me point out that there are only two ways in which it can be done; one is by a compulsory method of taxation, which is the reason why our taxation is heavy and severe, and the other is either by brutal compulsion of some kind, such as I presume they have in some countries, I do not know, or by paying people to save their money by offering some monetary inducement to them to do so, which means the payment of interest to persons in return for the delivery of the money over to the government. In time of war we have a tremendous disparity between the amount of money spent and the amount of consumer goods produced. Unless you are going to tear your price level all to pieces and push it to great heights you must resort to taxation and to borrowing, and therefore you must accumulate a very considerable internal debt. A war economy is the worst of times for the issue of what is called debt-free money, because it could have only one effect and that effect would be very serious inflation.

Now, with regard to the debt, I wish to say something about the volume of debt in Canada at the present time and I am afraid it will take me a few minutes to do so. I do it because I am afraid that with speeches such as the one delivered by the hon. member for Vancouver-Burrard the other day the people in the country may become alarmed. He used such phrases as these: "Pyramiding billions upon billions of interest-bearing debt"; subject to "an intolerable strain"; about to run into "inevitable disasters", and so on. Let me remind the house that this is not the first time that predictions of that sort have been made. A little over a hundred years ago Robert Southey, who was British Laureate at the time, made similar statements about the public debt of Great Britain, and Lord Macaulay in the Edinburgh *Review* of January 1830 answered him. After referring to the previous forty years as witnessing—

> . . . a war, compared with which all other wars sink into insignificance; taxation, such as the most heavily taxed people of former times could not conceive; a debt larger than all the public debts that ever existed in the world added together. . . .

Macaulay goes on to say:

> We cannot absolutely prove that those are in error who tell us that society has reached a turning point, that we have seen our best days. But so said all who came before us, and with just as much apparent reason. "A million a year will beggar us," said the patriots of 1640. "Two millions a year will grind the country to powder," was the cry in 1660. "Six millions a year, and a debt of fifty millions!" exclaimed Swift; "the high allies have been the ruin of us." "A hundred and forty millions of debt!" said Junius; "well, may we say that we owe Lord Chatham more than we shall ever pay, if we owe him such a load as this." "Two hundred and forty millions of debt!" cried all the statesmen of 1783 in chorus; "what abilities, or what economy on the part of a minister, can save a country so burdened?" We know that if, since 1783, no fresh debt had been incurred, the increased resources of the country would have enabled us to defray that debt at which Pitt, Fox, and Burke stood aghast, nay, to defray it over and over again, and that with much lighter taxation than what we have actually borne. On what principle is it that, when we see nothing but improvement behind us, we are to expect nothing but deterioration before us?

At the end of the Napoleonic wars in 1816, the colossal debt which the critics felt that Britain would never be able to carry amounted to £887 million. In 1912, before the last great war it had climbed to £8,816 million. On March 31 of this year it was £19,592 million, and I think there is less doubt in Britain today about the country's capacity to carry that debt than there was in 1816 when the debt was less than five per cent of its present magnitude.

I should like to point out that our government revenues during the last fiscal year, exclusive of any borrowing, were eighty per cent of our direct funded debt at the end of the immediate pre-war financial year and that in the last five years the achievements of this country in war finance and in production would have seemed wholly impossible to any observer in September, 1939. These achievements have evoked repeated tributes from competent observers in other countries. They have been based not on any financial sleight-of-hand methods but on methods which have been tried and tested by many countries in the past. They are achievements, moreover, which point the way to the future, constitute a challenge for us in the future. They have been accomplished under war conditions, but it is my conviction that if we Canadians can remain united in peace time behind a great national purpose, instead of splitting up into sectional or other groups warring with each other in regard to methods and ideologies—if we can remain united behind a great national purpose, we can go forward to still

greater and better things; we can assure that Canada's achievements will show as great advances in the next decade as in the last decade.

Let me deal more specifically for a few minutes with the details of the increase in our national debt. At March 31 last our gross direct funded debt was $10,689 million; at March 31, 1920, it was $3,041 million, and at March 31, 1939, it was $4,372 million. The increase from the immediate pre-war year was therefore $6,317 million. That is undoubtedly a very large increase, and, if the war continues, our debt will be larger still. But this need not cause any alarm. Let me try to demonstrate that. In the first place, let it be noted that one cannot apply the same economic or moral precepts in the case of a national debt that one can in the case of a personal indebtedness. Personal debts are owed to other people and can be paid only by the sacrifice of wealth or income on the part of the person owing them. National debts, other than external debts, are owed by the nation to itself. In paying interest on its national debt, the nation is simply making a transfer of income amongst its own people, and in many cases the same people are paying taxes and receiving interest. It is important, of course, that the national securities should be widely distributed and that the country's tax structure should be equitable, based on the principle of ability to pay. Both these things are true of Canada to-day. Our tax structure is steeply progressive and is aimed to distribute the cost of war and of government as thoroughly as possible. Over three and a half million people, it is estimated, hold victory bonds or war savings certificates —probably not less than sixty per cent of the income earners of this country. Probably over $3 billion of dominion government securities are now held by individuals. It is difficult, I think, to exaggerate the importance of this fact, that so many individuals hold such a large volume of liquid assets available for use in any emergency in the future.

In the second place, it is a fact of great importance that while at March 31, 1939, 23·85 per cent of our total funded debt was payable in New York or London, to-day only 3·23 per cent of our funded debt is payable abroad. In other words, while the terms of payment of part of our debt in the immediate pre-war year created for us a transfer or foreign exchange problem, to-day no significant problem of that kind exists. This is an important reason why the analogy between our national debt and the indebtedness of an individual breaks down.

A third important point is that while the gross amount of the national debt has shown a substantial increase, there has at the same time been a substantial reduction in the interest rate payable on that debt. It is a mathematical truism that a fifty per cent reduction in the rate of interest will enable twice the former debt to be carried without any increase in the annual burden. In the five years of the last war, from 1914 to 1919, the national debt of that day had increased nearly seven times, but because the average rate had risen from 3·579 to 5·002 per cent, not taking into account the tax exempt feature of a large proportion of the debt, the annual interest charges had risen more than nine times. By March 31, 1939, the average rate of interest on Canada's funded debt had been reduced to 3·52 per cent. On March 31 this year it was only 2·57 per cent, just about half of the rate at the close of the last war and probably less than half if we make any allowance for the tax exempt feature of certain bonds issued during the last war.

A fourth point of fundamental importance is that it is the net annual carrying charge rather than the gross interest charge which is significant for any analysis of the weight or burden of a national debt. A very substantial part of Canada's gross debt is due to the purchase of so-called active assets; that is to say, loans, advances and other investments which pay interest, dividends and other revenues to the government. In other words, part of the increase in Canada's national debt has been caused by the purchase of revenue-bearing assets which carry themselves and do not constitute an extra burden.

If we go to the dominion's balance sheet and deduct from the gross debt the value of assets which are regarded as active, after setting aside a reserve of $100 million to take care of possible losses on ultimate realization, we find that the net debt of the dominion at March 31, 1944, was only $8,842 million. This was an increase from $2,249 million on March 31, 1920, and from $3,366 million on March 31, 1939.

It is perhaps only fair in this type of analysis, however, to call attention to the fact that in addition to its direct debt the Canadian government has certain indirect or contingent liabilities outstanding, chiefly in the form of securities issued by the Canadian National Railways and other government-owned enterprises, which securities are guaranteed by the government of Canada. The amount of these guaranteed securities in the hands of the public was $115 million at March 31, 1920, $1,085 million at March 31, 1939, and $699 million at March 31, 1944.

If we take the annual interest charges on the amount of our direct funded debt outstanding at the end of each year, add to these the payments which had to be made by the government on behalf of government-owned enterprises which had guaranteed securities outstanding in the hands of the public, and deduct from the total thus obtained the annual cash return on investments held at the end of the year, we will get the true picture of the net annual carrying charges of the government's direct and indirect funded debt. I am sure these figures will come as a great surprise to hon. members. They show $164·3 million as at March 31, 1920; $149·7 million as at March 31, 1939, and $183·5 million as at March 31, 1944. With the consent of the house I will place on *Hansard* the table showing this:

Net Annual Carrying Charge of Canada's Direct and Indirect Funded Debt

	March 31, 1920	March 31, 1939	March 31, 1944
Direct funded debt	$ 2,596,816,821	$ 3,385,697,034	$10,689,490,757
Guaranteed securities in hands of public—			
C.N.R. and predecessor companies	115,129,763	1,054,865,758	669,037,663
National Harbours Board	.....	21,200,338	21,005,682
Canadian National (West Indies) Steamships	.....	9,400,000	9,400,000
Sub-total	115,129,763	1,085,466,096	699,443,345
Total direct and indirect funded debt	$ 2,701,946,584	$ 4,471,163,130	$11,388,934,102
Annual carrying charge—			
Interest on direct funded debt (based on year-end debt)	$ 134,559,302	$ 119,197,190	$ 274,291,929
Payments on behalf of government-owned enterprises which had guaranteed securities in hands of public—			
C.N.R. and predecessor companies	47,700,000	54,314,196	.....
National Harbours Board—			
Montreal harbour	.....	358,000	370,000
Saint John	.....	391,078	194,000
	$ 182,259,302	$ 174,260,464	$ 274,855,929
Deduct—			
Annual return on investments based on year-end assets	17,909,730	24,609,474	55,706,574
C.N.R. surplus	.....	.....	35,640,000
	$ 164,349,572	$ 149,651,990	$ 183,509,355*

* If C.N.R. surplus be not taken into account, this amount would be $219,149,355.

The surprising nature of these results is due to the fact that the government railway system was a considerable drain on government revenues in the earlier years and produced a substantial surplus last year. It may, of course, be contended that last year's Canadian National Railways surplus of $35·6 million is abnormal and could not be expected to be maintained under peace-time conditions. That may be true and hon. members are welcome to discount that factor to any extent they like. Even if we take no account whatsoever of last year's C.N.R. surplus, the net annual carrying charge of the direct and indirect funded debt outstanding at March 31, 1944, would be only $219·1 million, which is an increase of less than forty-seven per cent as compared with March 31, 1939, and of only about thirty-three per cent as compared with March 31, 1920. But these increases in the dollar amount of the net annual carrying charge do not reflect a corresponding increase in the weight of the burden, because they fail to take into account either the increase in population or the increase in national income or the increase in taxable capacity of the Canadian economy. If we take account of the increase in population we find that the net

annual carrying charge of our direct and indirect funded debt was $19 per capita in 1920 and $13.22 per capita in 1939, while to-day, even if we take no credit for the C.N.R. surplus, it is only about $18.50 per capita. More significant has been the reduction in the real burden of the public debt due to doubling or more than doubling the national income. The net annual carrying charge of our direct and indirect funded debt at March 31, 1920, was roughly 3·9 per cent of the estimated national income at that time; at March 31, 1939, it was still roughly 3·9 per cent; while at March 31, 1943, again not taking any credit for the C.N.R. surplus, it is only about 2·6 per cent of the estimated national income of to-day. Incidentally, in this connection I might point out that the annual interest charge on the British national debt in a year before the war, say 1936, was approximately five per cent of the estimated national income of the United Kingdom.

But if Canada's national income has approximately doubled since the outbreak of war, its taxable capacity has increased a good deal more. It is the surplus income over and above the cost of basic food, shelter and clothing requirements which is a significant indication of taxable capacity, and it is obvious that this surplus income has increased proportionately much more than total income. In relation, therefore, to national income, the net annual burden of Canada's direct and indirect funded debt is less than it was at the end of the last war and less than it was immediately prior to this war. In relation to taxable capacity, it is substantially less than in both previous periods.

The hon. member for Vancouver-Burrard quoted the following sentence from the annual report of the governor of the Bank of Canada:

> In making these comments I do not wish to suggest that public debt could be increased at the present rate for an indefinite period without placing intolerable strain on our economy.

With that sentence I agree, but I also agree with the two following sentences in Governor Towers' report, which the hon. member failed to quote:

> I do feel, however, that the war debt and the increases which will inevitably take place for a time after the war ends, can be handled without serious embarrassment. The key to this problem, as to many others, lies chiefly in the maintenance of a high level of employment and income.

I do not know whether I was justified in taking so much time in presenting these considerations to the house, but from certain hon. members I heard so much of a needlessly alarmist nature about our public debt that I thought it well for this house and the public to be told the true situation.

I now come to the speech of the hon. member for Dufferin-Simcoe, the critic of the official opposition in respect of the budget. If the leader of the C.C.F. can be criticized for an irresponsible attitude toward business, that is an attitude which would be destructive and, according to the language he used, calculated to make an appeal on behalf of the little man against the big man—if, as I say, the leader of the C.C.F. can be criticized for that attitude, then certainly the hon. member for Dufferin-Simcoe can validly be criticized for making a speech which, in its effect, was very much of a big business or pro-business speech.

He made one very significant suggestion, namely, that, as he put it, we should eliminate double taxation in Canada. What does that mean? It means that we, now, in this year 1944 I presume, should take off altogether the corporation tax, at a time when the United States, the country which lies side by side with us, has a corporation tax. I have never felt that this was a practicable suggestion. I know, of course, that it is a most appealing suggestion to a great many people in the country. But make no mistake about it, the suggestion is that we take off altogether the tax on corporations, because that is the only way of which I know by which double taxation can be eliminated. That is his suggestion in this year 1944, at a time when our revenue requirements are so tremendous, and at a time when the critic of the official opposition is ostensibly laying stress upon the progressive part of the Progressive Conservative party platform, and talking on behalf of the farmers, labour and so on. That is the big suggestion he makes in his speech, that we remove the corporation tax altogether.

Mr. ROWE: I did not say that.

Mr. ILSLEY: I do not wish hon. members to overlook that, because it is an important suggestion. It may be that the time will come when we can recast our whole taxation system in such a way that we can eliminate corporation taxation. But—

Mr. ROWE: I did not say that.

Mr. ILSLEY: Then what did the hon. member mean, when he said that we should eliminate double taxation, and have a system such as they have in Great Britain, if he did not mean taking off corporation tax?

Mr. CASSELMAN: Let the official interpreter answer that.

Mr. ROWE: Did it do any harm in Great Britain?

Mr. ILSLEY: This is for the labouring man, I suppose.

Mr. ROWE: I know; nobody knows it any better than you do.

Mr. ILSLEY: The hon. member is not making much progress in trying to get himself out of the suggestion he made. I do not say that that could not be done in time of peace—

Mr. ROWE: You know it can be done.

Mr. ILSLEY: —but I do say that anybody who makes that suggestion at this time has a degree of irresponsibility which is not in keeping with the official critic of an opposition.

Mr. HANSON (York-Sunbury): Well, that is a matter of opinion.

Mr. ILSLEY: Then he went on to say that taxation of the farmers was unjust, and that the system should be reformed. Apparently he ignored a very important change in this year's taxation of business, including mining businesses, to the effect that losses might hereafter be carried back one year or carried forward three years. That is a tremendous reform along the lines on which, I believe, he professes to be working.

Then, with regard to dispersal sales of live stock, and similar problems, may I say that consideration was given to this at the time the budget was being prepared and I was assured that the matter was being looked after administratively. However, further consideration is being given to it, and if it is necessary for us to introduce a resolution, or make an amendment so as to give effect to the administrative practices carried on for some time past in relief of this situation, I, of course, would be glad to do it.

Then, I was struck with the silence of the hon. member for Dufferin-Simcoe in respect of the removal of the duty on agricultural implements.

Mr. HANSON (York-Sunbury): That is only a gesture; it does not mean anything.

Mr. ROWE: The minister admitted, himself, that it did not mean anything.

Mr. GRAYDON: And the hon. member for Brantford City (Mr. Macdonald) was not very silent.

Mr. ILSLEY: I would have thought that if the hon. member was speaking on behalf of the farmers he would have had a remark to make, one way or the other. I would think that at least one member of the official opposition, somewhere, would have said something one way or the other about it.

Mr. CASSELMAN: The hon. member for Qu'Appelle (Mr. Perley) did.

[Mr. Ilsley.]

Mr. ROWE: The minister told us that it made no difference.

Mr. ILSLEY: Was it a case where silence was best?

Mr. ROWE: The minister said that it would not make any difference, and that we would not get any more implements, anyway.

Mr. ILSLEY: Then, in connection with the suggestion about mining developments and encouragement to mining, I cannot say any more than I have said in my budget speech. I gave then, very fully, the reasons why I did not think the present was the appropriate time—before consultation with the provinces—to make very wide taxation concessions to the mining industry, along the lines advocated this afternoon by speakers from the opposition. In my budget speech I said:

> Natural resources, of course, are for the most part in the hands of the provinces, but the dominion, it is believed, can do much to promote full development and wise conservation. Tax policy may be one of the devices which it may appropriately use to these ends, but it will be by no means the only one. The dominion's programme should be part of an integrated programme worked out in cooperation with the provinces. At the forthcoming dominion-provincial conference this programme, it is proposed, should be discussed with provincial governments and agreement reached as to the contribution to be made by the respective levels of government.

Then I went on to enumerate a considerable list of measures we have enacted in the last two or three years to encourage the search for strategic minerals, and to encourage mining development generally.

Something has been said about the complexity of our income tax forms. The complexity of our income tax structure and of our income tax forms is due to one thing, and one only, namely, an attempt to introduce equity in many situations. Hon. members from all sides of the house ask us, in the course of a budget debate, and during the debate on the resolutions, to do something in regard to a particular situation, to bring a tax down here, or to extend a privilege there. Each of those requests acceded to results in further complexity in our tax forms and our tax structure.

Mr. HANSON (York-Sunbury): Is it not due to the introduction of so many new forms of income tax, and so many new taxes?

Mr. ILSLEY: No, it is not.

Mr. HANSON (York-Sunbury): Oh, yes, it is.

Mr. ILSLEY: No, it is not. We could make the income tax system just as simple

as anything in the world by imposing a flat tax on everybody's income, with no exemptions. It would be so simple that no one would have any trouble in making out his tax return; but it would be unjust, it would be unsocial, it would be backward looking, it would be wrong. The complexity of our tax form and our tax methods is due largely, almost wholly, to the fact that we have tried to introduce equity into our tax system in as many situations as possible.

The removal this year of the compulsory savings will at one stroke do more to simplify our tax returns and our tax structure than almost any other step I can think of. When we introduced compulsory savings we realized that we would have to make provision for persons who had contractual obligations for savings, and accordingly documents had to be drawn up which would provide for the reporting to employers by employees of the insurance payments they had to make, of the payments on principal on mortgages on their residences, of their payments into pension funds and so forth. The fairer we made it, the harder the forms were to make out and the more complicated they became. With the removal of the compulsory savings entirely, all that vast amount of work by employers and employees, by the taxpayers, and to a certain extent by the employees of the income tax branch disappears. It is a great measure in the extension of simplification.

I want to come now to perhaps the main criticisms of the budget. One suggestion made is that overtime be untaxed, that there be no tax on overtime earnings. The hon. member for Vancouver South (Mr. Green) was making the argument the other day that money earned by overtime work should not be taxed. I want to thank the hon. member for the courteous and sympathetic reference to myself which I appreciate greatly, and I really regret that I interrupted him in the course of his speech. I felt that I had to interject and say that the untaxing of overtime earnings would be impracticable and inequitable, and I want to give my reasons for that.

Do not let any one in this house think that an immense amount of consideration has not been given to this proposal. I want to give the reasons why it would be both impracticable and inequitable. In the first place it is contrary to the basic principle of taxing according to ability to pay. Our whole taxation system is based upon the progressive principle that the more a person earns, the higher rate he pays. We do not try to ascertain whether one man works harder than another or works longer hours than another, whether one man has more ability than another or anything like that. It would be entirely impracticable to try to make inquiries and form judgments on factors of that kind. We must realize that the higher the income, the greater the rate of taxation, and it would be a violation of that principle not to tax the amount earned on overtime.

Mr. HANSON (York-Sunbury): Does not that ignore human nature?

Mr. ILSLEY: I do not think it—

Mr. HANSON (York-Sunbury): I think it does.

Mr. ILSLEY: Economists and critics of the income tax in the thirties and forties and fifties in Great Britain were arguing against this progressive principle of taxation. I do not know whether they said it ignored human nature, but they took very much that position. They said it was not fair to impose a higher rate on a man with higher earnings because he had earned that himself; it was due to him; he had earned it by his own industry or by his own ability or something of the kind, and therefore there should be a flat rate on all earnings. I used to read some of the articles in the British quarterlies on that and I found them very interesting. However, the enlightened opinion of mankind finally came to the conclusion that the progressive principle was the proper one.

If we were to lay down the rule, as the Progressive Conservative amendment suggests, that earnings on overtime were to be untaxed we would have to define overtime; we would have to define normal time. Would normal time be the same in every industry, or would it vary with different industries? I presume it would vary with different industries. In one industry a man would be taxed on what he earned between forty-four and forty-eight hours a week, let us say, and in another industry he would not.

Mr. ROWE: It would be all overtime.

Mr. ILSLEY: It depends upon how you define overtime. How could overtime be defined in the case of farm help, in the case of domestic help, in the case of proprietors of small businesses, in the case of employees of small businesses where all kinds of informal arrangements exist? How could it be defined for the farmer? What part of the farmer's income would be untaxed because he had earned it in overtime? How could it be defined for the members of the armed forces in Canada who are subject to income taxation? What part of their duties are performed in overtime and what part are not performed in overtime?

Mr. ROWE: What—

Mr. ILSLEY: Would the hon. gentleman please not interrupt. What about school-teachers who work in the summer? Would what they earn then be overtime? It certainly would be surplus to their ordinary earnings. What about business men? What about civil servants? Many of these work overtime but they do not get paid for it. What about the professional men, the doctors and lawyers? What about the great mass of our citizens? It would be impossible to define their overtime or their normal time. What answer is there in justice or in equity to these people that overtime earnings should not be taxed?

Mr. JACKMAN: May I ask the minister, if the overtime earned by war workers were not taxed, would it help to shorten the war by one less day? That is the only motive we have in suggesting it.

Mr. ILSLEY: I do not think it would. Then there is the question of piece workers. How shall we define what is overtime for piece workers? Then there is the question of the returns to be made at the end of the year where a person would have to specify the amount he had earned in overtime and the amount he had earned in normal time. There would be the greatest incentive in the world to overstate overtime earnings and understate normal time earnings. We would have to ask employers to make annual returns breaking down the remuneration paid to employees into normal and overtime. There would be a complexity of accounting in connection with the withholding of tax at the source.

The Minister of Labour (Mr. Mitchell) suggests that it would lead to countless arguments between employers and employees. Would it have the effect of inducing people to work overtime for a few weeks and then stay away from work for a week or two? It may be suggested that I am reflecting upon the workers of Canada, but I have tried not to do that. We have the evidence of a great many members of parliament that taxation has something to do with absenteeism and with the refusal to work overtime. We have had that evidence not only from members of parliament, not only from employers but from employee organizations. The untaxing of overtime would not solve the ordinary absenteeism problem, which means working less than standard time.

Finally, I cannot find any country where overtime earnings are exempted from taxation. It seems to me that that is an overwhelming case against a very plausible suggestion. Suggestions are put forward by employers here and there who think they could work it in their own industry, but they regard their own industry as an integer, a unit unrelated to other industries of the country and to the great mass of the Canadian people. The more the thing was considered by the government, and it was very carefully considered, the more apparent it became that it would be impracticable and that it would be inequitable for us to exempt overtime earnings from taxation. That was one of the suggestions of the Progressive Conservative party.

Let us take the next. The next is that we should retain compulsory savings and that we should raise the income tax exemptions, and the reason given was that we must fight inflation, and that to release $110,000,000 of compulsory savings and try to get it back, or get back a great deal or some of it by voluntary methods, would mean that we would not have the volume of savings we otherwise would have.

Mr. HANSON (York-Sunbury): You suggested that yourself.

Mr. ILSLEY: We are going to try to get voluntary savings equal to the compulsory savings we gave up.

Mr. HANSON (York-Sunbury): Yes.

Mr. ILSLEY: The alternative suggestion was that the income tax exemptions be raised to $800 and $1,600. To begin with, apart altogether from everything else, I do not see how one member of a partnership, and Canada is in a sense a partner of Great Britain, the United States, Australia, New Zealand and other countries, all of which have income tax exemptions—I do not see how Canada, a partner that has higher income tax exemptions already than these other countries, can with self-respect look her partners in the face and substantially raise her present exemptions. Ours are very much higher now than those of any other country I have mentioned, considerably higher.

An hon. MEMBER: Total war.

Mr. ILSLEY: The official opposition do not seem to find any trouble on that score. They seem to think there is nothing inconsistent in raising these exemptions in such a way as to lift the burdens to some extent on a very large number of people; neither does the C.C.F. But let us look at the economic effects of their proposal that the income tax exemptions be raised to $800 and $1,600 for single and married taxpayers respectively.

If, instead of abandoning the compulsory savings, we had lifted the exemptions as suggested, the effect of raising the exemptions, according to a memorandum that I have from the officers of my department, would be that we would collect $135,000,000 less in taxation.

The memorandum is as follows:

It is assumed that the proposed increase in exemptions would be effected within the present structure of the law; i.e., that the present $660 deduction from income for graduated tax would be increased to $800, and that the present $1,200 starting point for married taxpayers would be increased to $1,600. It has also been assumed that the savings portion of the tax would be retained, since the amendment does not specifically provide that it be dropped.

Revenue Loss:

It is estimated that the proposal would result in a revenue loss in a full year of about $135,000,000, of which $106,000,000 would be pure tax revenue and $29,000,00 savings revenue.

The effects of the proposal are roughly threefold in character:

(a) The complete exemption from tax of about 135,000 single taxpayers and 430,000 married taxpayers, or about 565,000 in all, with a revenue loss of about $28,000,000 fixed tax and $10,500,000 savings tax. Exemption of this number would leave about 1,435,000 taxpayers.

(b) A considerable reduction in tax for a further 165,000 single taxpayers and about 415,000 married taxpayers through extension of the two-thirds tax rate up to incomes of $1,000 in the case of single, $2,500 in the case of married no children, and about $2,000 in the case of married with one child. This would result in a revenue loss of approximately $38,000,000 pure tax and $8,500,000 savings tax. It would also result in bringing approximately 580,000 taxpayers, or about 40 per cent of the total, into the area where the marginal rate is 66⅔ per cent.

(c) A further considerable reduction for taxpayers above the limits of the 66⅔ per cent area, extending to every taxpayer, no matter how large his income. It is estimated that some 855,000 taxpayers would benefit, at a revenue loss of approximately $40,000,000 pure tax and $10,000,000 savings tax.

Summary:

The total revenue loss of $135,000,000 may be apportioned to roughly $38,500,000 to exempting certain taxpayers and $96,500,000 to giving relief to the remaining taxpayers.

Of course the relief given would be the greater, the greater the income of the taxpayer. That was pointed out by the Minister of Justice (Mr. St. Laurent), and I could give figures to show the same thing if I had the time. If we did that, we would accentuate our anti-inflation problem rather than make it less. When the hon. member for Dufferin-Simcoe gets so worried about inflation because we are releasing $110,000,000 of compulsory savings which we are appealing to the people to give back by the voluntary method, and then himself advocates a remission of taxation amounting to $135,000,000, he is being extremely inconsistent.

What would be the effect of raising the exemption level to $800 and $1,600 on absenteeism and working overtime? If we left our present tax structure as it is, it would make the problems of absenteeism and overtime worse. It would mean that a far larger number of persons in the range just over $800 would have 66⅔ per cent of their earnings over that figure deducted, with the result that there would be the stronger incentive to work up to $800 or $1,600, and then stop. It would not solve the problem at all, and the only way in which you could make any kind of reasonable attack on it would be by taking off compulsory savings as well. Then you would be out not only $110,000,000 but $135,000,000 too, or $245,000,000 altogether, or something like that.

It may be said that the tax structure should all be changed, that we could get rid of the absenteeism problem by starting at $800 and $1,600 exemption, and then beginning with a very low rate of taxation and raising it fairly slowly. That tax structure would do it. But it would mean such an appalling loss of revenue that at a time like this I cannot contemplate it.

So, looking at the thing from every point of view, from the point of view of what other countries are doing, from the point of view of what they might reasonably say of their partner, from the point of view of revenue, from the point of view of fighting inflation and preventing absenteeism and removing the discouragement to work—from every point of view we thought this was the proper relief to afford, and not the raising of the exemptions.

I do not know how much thought was given to this proposal of raising the exemptions by those who made it. On the face of it I suppose it looked like a popular proposal, and perhaps it is; I do not know. But from the point of view of the Minister of Finance and of the government it certainly has everything to condemn it as against the proposal that we did adopt, which I have reason to believe is already having results because of greatly lower deductions from the pay envelope when the person moves into the taxpaying class.

That is about all I have to say on the issues that have been raised in this debate. There have been a great many other suggestions that relate to the resolutions and I will deal with them, or my parliamentary assistant will, when we come to consider the resolutions. But it seems to me that on the merits the house would be fully justified in voting down the amendment to the motion to go into supply.

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

YEAS

Messrs:

Adamson	Hlynka
Anderson	Homuth
Bence	Jackman
Black (Yukon)	Jaques
Boucher	Knowles
Bruce	Kuhl
Bryce	Lockhart
Burton	McGregor
Cardiff	MacKinnon (Kootenay East)
Casselman (Grenville-Dundas)	MacNicol
Castleden	Noseworthy
Church	Perley
Diefenbaker	Quelch
Esling	Ross (St. Paul's)
Fair	Rowe
Fraser (Peterborough West)	Senn
Graydon	Shaw
Green	Stirling
Hanson (York-Sunbury)	Stokes
	White
	Wright—40.

NAYS

Messrs:

Abbott	Ilsley
Authier	Isnor
Bertrand (Laurier)	Jean
Bertrand (Prescott)	King, Mackenzie
Black (Chateauguay-Huntingdon)	Kirk
Blair	Laflamme
Bonnier	LaFleche
Bradette	Lafontaine
Breithaupt	Leader
Brunelle	Leger
Casselman, Mrs. (Edmonton East)	Little
Claxton	McCann
Cleaver	McCuaig
Corman	McCubbin
Coté	McCulloch
Crerar	MacDiarmid
Cruickshank	Macdonald (Brantford City)
Dechene	Macdonald (Halifax)
Denis	Macdonald (Kingston City)
Dorion	McDonald (Pontiac)
Dupuis	McGibbon
Edwards	McIlraith
Eudes	McIvor
Factor	MacKenzie (Lambton-Kent)
Farquhar	Mackenzie (Vancouver Centre)
Fauteux	McLarty
Ferland	McLean (Simcoe East)
Ferron	Macmillan
Fournier (Hull)	Marier
Fraser (Northumberland, Ont.)	Martin
Fulford	Matthews
Furniss	Maybank
Gardiner	Mayhew
Gershaw	Michaud
Gibson	Mitchell
Gladstone	Mulock
Golding	Neill
Goulet	Nielsen, Mrs.
Graham	O'Neill
Gray	Picard
Hanson (Skeena)	Pinard
Healy	Poirier
Henderson	Pouliot
Howden	Purdy
Hurtubise	Ralston
Reid	Soper
Rennie	Taylor
Rhéaume	Thauvette
Rickard	Turner
Roebuck	Veniot
Rose	Ward
Ross (Hamilton East)	Warren
Ryan	Weir
St. Laurent	Whitman
Sanderson	Winkler
Sissons	Wood—112.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Hill	Hazen
Emmerson	Black (Cumberland)
Chevrier	Aylesworth
Tucker	Ross (Souris)
Blanchette	Desmond
MacKinnon (Edmonton West)	Harris
Turgeon	Brooks
McNevin	O'Brien
McNiven	Tustin

Mr. GILLIS: I was paired with the hon. member for Queens-Lunenburg (Mr. Kinley). Had I voted I would have voted for the amendment.

Mr. BLACK (Cumberland): I was paired with the hon. member for Westmorland (Mr. Emmerson). Had I voted I would have voted for the amendment.

Mr. HAZEN: I was paired with the hon. member for Charlotte (Mr. Hill). Had I voted I would have voted for the amendment.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, judging by the interest the hon. member for Lake Centre (Mr. Diefenbaker) has shown in the province of Quebec one may wonder if he does not intend to run for a seat in that province at the next election. As a citizen of Quebec I was greatly surprised at the questions that were asked in regard to the statements made by the premier of that province concerning the postponement of military service for farmers. Hon. Mr. Godbout has said that he did not recall having made certain statements, and in addition he thought he had been misquoted by the press. I am not going to insist on that point; I am a supporter of the premier of Quebec, and his attorney general is my mate for one of the provincial counties forming the federal constituency of Témiscouata.

There is a very good excuse for anyone in this country, even an eminent counsel, making a mistake in interpreting the mobilization regulations, because even those who drafted them do not know what they are about. I regret very much that these regulations are not in statutory form, for this would ensure stability of the law. I have no objection at all to praising the way in which the legislation of the union government was drafted; it was put on the statute books and not passed by orders in council which change as often as the rays of an aurora borealis. This question has been before this house and before committees of the house repeatedly, but no light has been thrown upon it. That is because of the intentional confusion as between those who have done part of their training and those who have not been to training camps; between those who have regimental numbers and those who have only call numbers from the registrars. It would be necessary to give a course of law to every citizen of this country to have everyone understand these regulations. The very day after the national selective service regulations were tabled in this house the Prime Minister (Mr. Mackenzie King) said, at page 1567 of *Hansard* for March 24, 1942:

> Under the new regulations, farmers, farmers' sons and agricultural labourers will normally not be obliged to undertake compulsory military training and service.

Within three or four days, for the first time in the parliamentary history of this country, a cabinet minister contradicted a statement made by his chief, the Prime Minister. I have in my hand a release from the Department of Labour, of which the first paragraph reads as follows:

> Ottawa, April 1. Essential farm workers may be granted indefinite postponement but not exemption from military service under the new national selective service, Honourable Humphrey Mitchell, Minister of Labour, said to-night.

So that in connection with these regulations, which were in force for three or four days before being tabled in this house, we have one interpretation by the Prime Minister and another by the Minister of Labour (Mr. Mitchell). Then I was told over the telephone by an official of the national war services department that the effect of orders in council 2251 and 2252 of March 21 was to displace the *onus probandi,* or the weight of evidence. Consequently a farmer, the son of a farmer or a farm helper who was exclusively or principally employed or occupied as a farmer on March 21 of that year would in future be presumed indispensable as such to agriculture, unless there should be contrary evidence. That was the tenor of a conversation I had with an officer of the army who was the right hand of the deputy minister of national war services. The very same day the same gentleman wired the registrar, giving a shade of difference to the official interpretation that he sent me. This was his wire:

> Substantially the interpretation given by Mr. Pouliot is exact. I shall have to make clear the interpretation that I have given to Mr. Pouliot, that the individual concerned shall make a request for postponement to the registrar, as before. And, naturally it is the mobilization board, the national war services board, which will decide whether the applicant is essential to agriculture, according to paragraph 14, subparagraph 3 of the regulations, as modified by order in council P.C. 2252 dated March 21. With the reservation of that supplementary explanation the interpretation given by Mr. Pouliot is correct.

This is signed by the director of mobilization.

Well, sir, it was entirely different. In the first place it was stated that the applicant, the farmer, had the *modus vivendi* in his favour, which meant that it was up to the board to prove that he was not a farmer and essential on the farm. On the other hand it was left to the board to decide what to do.

Who is the lawyer, even the most eminent counsel in the country, who would not be baffled by such a contradictory interpretation? And mind you, sir, when it comes to the interpretation of a statute, the member of parliament is a lawmaker. But when it comes to the interpretation of an order in council it must be the high officials in the department concerned who give the right interpretation. What can anyone do when that interpretation is as contradictory as this one was? It is most difficult.

Then, let us go in between. Other statements have been made by the Prime Minister, one of which is found at page 922 of *Hansard* for June 19, 1940. It is found at the bottom of the first column and the top of the second. That statement was made by the Prime Minister after I had suggested the raising of a whole battalion in my county for the defence of Canada. I had said that in the caucus room, and I was very much flattered when the Prime Minister reported to the house what I had said in caucus. My name was not mentioned, but since I have referred to the Prime Minister's statement I shall read it. Mark you, sir, I had shown my good will by offering to raise a battalion for the defence of Canada. It was in conformity with the law of the country at the time, when the mobilization act was about to be passed. This was only for the defence of Canada, and I was abiding by the law of the land and showing my good spirit.

Here is what the Prime Minister said:

An hon. member on this side of the house made the statement publicly this morning that he felt he could go into his constituency and, by making it known to his constituents that this measure had to do with the protection of Canada and our own Canadian soil, bring forward in a very short time men from the forests, from the fields and from the factories, all prepared immediately to join the Canadian forces to resist any possible invasion, and that he would be prepared to guarantee that that could be done in constituency after constituency throughout the country, once it was understood that there was the necessity of defending our own Canadian shores. I pointed out to him that in doing that he might be making the greatest mistake possible with respect to the national interest; that, to win this war, we might wish to keep at work in the forests the men who are now working in the forests, to provide the timber which will be required for docks and wharves and required immediately; that the men who are working in the factories may be a thousand times more useful to the government of this country in giving their skilled labour to the manufacture of aircraft, munitions or other weapons of war than they could possibly be in lining up and presenting themselves for military service; equally that on the farms, if we are to perform what will be expected of us, we shall need all the production that can be effectively and rapidly carried out on the farms of our country.

I have stood by what the Prime Minister said on that occasion. At the time there was no plebiscite. That was not said to gain any votes. It was said after an election. It was to be the voluntary policy of the government, and that policy was to keep the farmers on the farms. It was a good policy. And it was just the same for those in essential industry. I withdrew my offer afterwards and, when the Minister of National Defence (Mr. Ralston) asked us to indulge in recruiting for overseas I wrote him and said that since our chief, the Prime Minister, had precluded me from recruiting for the defence of Canada, how could he, as Minister of National Defence, invite me to do recruiting for overseas? I received no answer. Yet Judith Robinson published this in Toronto, and said that it should appear in every paper across Canada.

There are many other things I wish to say. Not only did the great lawyers not understand the contradiction between the statement made in the house by the Prime Minister, and that made outside the house by the Minister of Labour, but even the great brains of the Ottawa *Journal* used this title in an editorial which was published on Monday, April 6, 1942, "Government Lines Crossed." It reads:

There appears here needless confusion over a fairly important matter; confusion that starts grousing and harmful talk.

Not only lawyers, but even journalists, the brightest of all men, found that it was obscure and hard to understand. Not only that, but the hon. member for Charlevoix-Saguenay (Mr. Dorion) has lent me a compilation from a return he received, in which were set out the number of boards, commissions, orders and actions. We do not count any more by small numbers; we count by millions. Nearly half a million orders have been issued by clerks, dollar a year men and everybody else. The exact number was 495,488, plus 45,000 orders in council. That is the number of orders issued since the war began. I doubt if there is a room in this building large enough to contain all those publications.

Some of those orders were most important. There is order A-1182 dated April 22, 1944, dealing with rolls of tissue paper. This amended another order and the object was to make the rolls tighter in order to save space. I regret having to mention these things, but it shows the scope of the law making by people outside parliament. There is order A-1201 dealing with water-closet seats. They have consolidated three orders in this one. There was the original order; it was amended and then this order amends that one again. There was another one dealing with felt hoods for ladies' hats. Many other things like that are covered. It is childish that orders are passed for such things and published in the official publication. It makes it difficult for those who want to know exactly what is the law.

Let us go a little farther and see what department passed the largest number of orders. Agriculture passed eighty-three; finance, thirty-five; trade and commerce, five; wartime prices and trade board, 1,684, and Department of Labour, 493,681. Nearly all the orders were passed by the Department of Labour which deals with the mobilization of man-power. The Department of National Defence is not mentioned.

Would it be possible for the premier of any province to check the 493,681 orders to know if something had happened affecting the mobilization regulations? Nobody could do that. Nobody knows anything about it. I spoke of this to a man well versed in the law and he told me it was due to the war. When I asked him if it would continue after the war was over he said that if it did it would be unbearable. It is a most abnormal situation.

I should like to refer to the way in which the national war services regulations have been amended. We heard a lot about one month, four months and the duration. When the change was made to four months it really meant for the duration, and I will explain why. The first order in council, P.C. 3905 of September 17, 1940, covered the thirty

days training. Then on March 18, 1941, P.C. 1910 was passed for four months, which would expire on July 18, 1941. It was for that period or for such other period as the Minister of National Defence might from time to time prescribe.

On July 2, 1941, an army order signed by the Minister of National Defence was issued which extended the training period for the duration. Those who were in for four months from March could not get out in July because of the order signed by the Minister of National Defence. P.C. 1910 for four months was passed on March 18, 1941, during the season when many farmers were in the forests. It was the dull season and advantage was taken of this fact to extend the period for four months. The farmer had a little leisure and he could take one month's training.

Another great mistake was made in passing the national selective service regulations also in March during the dull season when many farmers were not on the land. The Prime Minister, who has a country place but who is not a farmer, said that the farmers were frozen on the land. I am sure he meant it, but on the other hand a large proportion of them were not there. This created a lot of difficulty which was increased by the press release sent out by the Minister of Labour.

I regret deeply that there is not a different procedure in the Department of National Defence with reference to those who are badly needed on the farm. Many times I have asked for men who were needed in different places, by their brothers-in-law, by their close relatives, by their uncles and by other people. Although these cases were most meritorious it was impossible to get a satisfactory answer. The Minister of Labour has written to the premier of Quebec stating that farmers will be as well treated as they are everywhere in Canada. There is no exception for Quebec. When I fight for the farmers, as I said yesterday, I do not fight just for the farmers of my constituency or of my province; I fight for the farmers of Canada. What we get for the farmers of our province we get for all the other farmers in the country. There are many farmers who have met their obligations on time.

It was considered a favour to renew a postponement. That is precisely the reason why the chairman of the board in Quebec city was removed and replaced by somebody else. Every time a farmer went to the board and asked for a postponement of his military training the chairman said: "I grant you this favour," and he would grant the man a postponement once, and then a second time, but the third time he refused to grant a further postponement although it was impossible for the farm to be run without the man. To-day I have seen one man who comes from a county far from mine. He is in the army. One of his legs is one and a half inches shorter than the other; he suffers from rheumatism, and he has been put in category A. His father is old and ill; his mother has been ill for eighteen years, and this farmer's son would like to help his father with the cattle on the farm. He is of no use to the army. But all he could get was "no" from his commanding officer. At other times it is still worse because when a man makes his application for postponement he is told by his commanding officer that his application is approved although it is not. It is unfair to treat a man like that, but many a man has suffered injustice just by being treated in that way.

When an application for postponement is made to the commanding officer it is sent to a kind of technical board on which there are men who have no technical experience, especially in farming. Invariably the board decides that the boy is in the army and shall remain there. The board gives its decision in accordance with what the Minister of National Defence said yesterday in his remarks. So long as this thing is not corrected, and so long as the Minister of National Defence does not change his attitude regarding the farmer and does not understand that the farmers are essential to this country, it is unfair for the Minister of Labour to say that we have no conscription for farmers. Every possible means are used to bring the boys into the training camps, and once they are there it is impossible to get them out for any reason, because, as the Minister of Labour has said, the authorities consider that the first duty of a man is to get into the army. If I fight for the farmer, it is not because I am not supporting the army; I believe that the army should be well fed; that the population of this country should be well fed, and that our allies should receive the surplus after the army and the civilian population of this country have been taken care of. That is only reasonable.

If hon. members will look at *Hansard* of February 19, 1943, they will find that I put on the record a list of the members of parliament who have stated that the farmers should be exempted. That was said even by those who speak against the province of Quebec. Were they sincere or were they not? If they were sincere in saying that the farmer should be exempted from military training and that he is following an essential occupation in the war, they have no reason to complain against the province of Quebec. They have no reason to attack the handful of members of parliament who fight for the farmer in this house

as well as for others engaged in other essential industries. They have no reason to attack the premier of Quebec. We are in common in fighting this war, and the farmer deserves to be recognized as being the equal of any other man in this country and, what is more, evidence should be given of that. We are the law-makers. We should see that all the orders and regulations, even the orders in council, which do not do justice to the farmer should be corrected by legislation passed in the House of Commons, and that no one shall indulge in false pride by not saying a word on behalf of the farmer who is so essential in this war as well as in peace. It is the easiest thing in the world to uproot the farmer; but, mind you, once a farmer is uprooted he is finished with the land. He does not want to return to the farm. I do not believe in these schemes to bring soldiers on to the land. There may be a few who will make a success of farming, but they will be the exception. I believe that in fighting for the farmer I am fulfilling a national duty.

In closing, Mr. Speaker, I want to give a word of special praise to an old friend of mine, Alderman Joseph Matte of the city of Quebec, who wants to investigate the manner in which young draftees have been dealt with in British Columbia. These young men are so far from home that it is hard for them to get home on leave because it takes so long. These young men who abide by the law should be respected by their commanding officer. He should not try to make life impossible for them. Therefore I say that Alderman Matte and the city council of Quebec deserve special praise for their stand in this matter, and I hope they will be successful in having a probe conducted into the manner in which these young men are treated. I hope also that Alderman Matte will be appointed as a member of the board conducting the inquiry.

All of this has been said, Mr. Speaker, to try to bring the house back to fundamentals, in order that we shall not forget the essentials while we are discussing the most important issues before the country.

Mr. THOMAS REID (New Westminster): Mr. Speaker, on June 23 last when I spoke on the amendment to the budget, I placed on the record certain figures regarding the country of New Zealand. On July 3 the hon. member for Cape Breton South (Mr. Gillis) in his speech endeavoured to correct some of the figures which I had given on June 23. I am sorry that under the rules of the house which prohibit a member from speaking more than once on the amendment, it has not been until this late date that I have had an opportunity to correct once for all the figures given and the statements made by the hon. member for Cape Breton South. I am now taking the very first opportunity of placing accurate, authentic and up-to-date figures on the record.

I do so for two reasons. The first is that I have been very careful ever since I came into the house and into public life to be in a position to substantiate statements I make in public, and I am pleased with my record in that respect. Secondly, I do so because of the attitude of the Cooperative Commonwealth Federation, who for a number of years have gone through the length and breadth of Canada and on every occasion possible have cited conditions in New Zealand, pointing out that if the people of Canada had only a government like the government of New Zealand, a new heaven upon earth would open for the people of this country.

I propose this evening to explode that picture, because it is just a picture. I have noted that, whenever I make a statement in the house, immediately it becomes known, particularly in British Columbia, the henchmen of the C.C.F. run into print and, rather than quote entire figures, just say I am mistaken and am making a lot of false statements. I come before the house to-night with statements with which I challenge the factory of scientists which the C.C.F. have, and any hon. member in the house, because I shall quote the actual facts from New Zealand itself, and I have their records before me.

The hon. member for Cape Breton South was rather "cute"—I use the word advisedly—because when he quoted his figures he knew, I think, that I was quoting the latest available statistics, whereas he had gone back to the 1941 records, which gave the figures of 1940, and then endeavoured to compare them with those of 1942. But as every hon. member knows, especially in this time of war great changes occur in each country every year, especially in incomes and expenditures.

Before I have finished I shall—unlike the hon. member—give exact dates with respect to every figure I am going to quote. I shall endeavour to leave no room for complaint other than that hon. members opposite cannot contradict what I am going to say.

Mr. GILLIS: It is correct to say that you did not give dates in the first place, although you were asked to?

Mr. REID: If what has usually happened before is going to happen again to-night, that interjections are made to try to throw me off the track and spoil my speech, let us have a free for all. It is all right with me. But I would ask hon. members to possess their souls

in patience unless I say something very personal, and there is no fear of that for I shall endeavour to keep within the rules of the house.

Mr. GILLIS: Try to stick to the truth, though.

Mr. REID: I object to that interjection, and I am going to show that there is no truth in the figures the hon. member placed on the record. If he will be patient I will prove that he does not know the correct figures. That is what I am out to do to-night. If he got his figures from the factory of C.C.F. scientists I have great sympathy for him, because he takes what is handed to him; but if he dug them out for himself I need not say more.

He began by stating that the population of New Zealand was 1,640.000. I hold in my hand the New Zealand official year book, 1943. I have looked through it carefully; I have gone through the years from 1932 to 1941, the latest figures given, and there is no such actual figure in the whole schedule as 1,640,000. In the year book three statistical columns appear; they give the population for the periods ending March 31, June 30 and December 30, and then they take the mean of those three periods. I therefore am taking the mean average, and the latest figure given is 1,630,000. I think that is plain enough.

Mr. HANSON (York-Sunbury): That is the population?

Mr. REID: That is the population of New Zealand; it is the mean of the three periods of the year, and it is the figure which is usually taken by the minister of finance and others who have occasion to quote the population.

I come next to the debt figures quoted by the hon. member, namely, £322,146,633. I have searched as diligently as I can through the records, and I cannot find that figure. I intend to go over the hon. member's speech and show how foolish all his figures were as he gave them. I will keep to the official record, because I hold in my hand a copy of the New Zealand budget speech of 1943, delivered by the Hon. Walter Nash. That surely should be proof enough of the truth of the statements it contains. I am not quoting my own figures. The statistics I give are for 1942 as regards both New Zealand and Canada; I think that is a very fair way of making comparisons.

Table 5 of the New Zealand budget, June 3, 1943, gives the total public debt of that dominion in New Zealand pounds—the New Zealand pound has depreciated some twenty-five per cent below that of the British pound sterling—as £463,825,371. Converting that into Canadian dollars at the rate of $3.60 to the pound—it may be a cent or two lower or higher, but that is as near as one can get to it at the moment—we obtain a Canadian equivalent of $1,669,771,335.60. Divide that by the population of 1,630,000, which appears to be the average of 1941 as given in the New Zealand Year Book for 1943, and we find that that per capita dominion debt of New Zealand is approximately $1,024. Compare that with what the hon. member gave us the other day, when he said that the New Zealand debt per capita was around $840. But I am not through, Mr. Speaker; not by any means.

With this I wish now to compare the total of Canadian funded debt and treasury bills as given on page 27 of the Canadian public accounts for the year ended March 31, 1943. This total is $7,913,295,639.86. Dividing this by the estimated population for 1943 of 11,812,000, the figures which I obtained the other day from the bureau of statistics, we get a per capita debt for Canada of approximately $670.

Mr. HANSON (York-Sunbury): Is there any provincial debt in New Zealand?

Mr. REID: I am glad the hon. member asked that. I am coming to that debt; I am not omitting anything so far as I know. The latest figures available of the debts of New Zealand's municipal and local authorities are those given on page 427 of the New Zealand Year Book for 1943, a copy of which I hold in my hand, and which shows a total net debt of £57,900,236, New Zealand currency, which is equal at the exchange rate just used to $208,-440,849, Canadian currency. That is approximately equal to $128 per capita. Compare this with the direct bonded debt of the Canadian municipalities, after deduction of sinking funds of $960,600,000, as given on page 62 of the statistical summary of the Bank of Canada for September, 1943. Dividing this by the population for 1941, the latest figure we have, we get a figure of approximately $84 per capita.

New Zealand has no provincial governments, but it is necessary to take account of the provinces in Canada. Therefore we should include the total funded debt and treasury bills of the provincial governments. The latest available figure for this total can be found on page 35 of the statistical summary of the Bank of Canada for May, 1943, and relates to the year 1942. The total for funded debt and treasury bills less sinking funds given here works out at $1,794,000,000. On the basis of the 1942 population that is equal to $154 per

capita. If we add together the per capita figure of the Dominion of New Zealand and the local authorities of New Zealand we get a total of $1,152, while the total for the Dominion of Canada, provinces and municipalities for 1942 is $908. There is the actual record. I claim there is no getting around that.

With regard to interest charges, the hon. member for Cape Breton South made slight of my check of interest charges. He said: "The average rate of interest is 3·34 per cent for Canada and 2·49 for New Zealand." This afternoon we heard the Minister of Finance (Mr. Ilsley) quote a figure away below three per cent, but since he was dealing with later figures I shall still keep to the year 1942 to put the figures of Canada and New Zealand on a comparable basis. The New Zealand public accounts for the financial year, 1942-43, part III, show the annual interest charge on the public debt as of March 31, 1943, to be £15,021,714—these are New Zealand pounds. That works out to an average 3·24 per cent on the public debt of New Zealand, which is a total of £463,825,371. These figures are taken from the budget statement of the Hon. Walter Nash, of 1943. Surely hon. members of the C.C.F. party will not dispute the statement of the Minister of Finance of New Zealand. One may compare this figure with that given for the average coupon interest rates on the funded debt of the Dominion of Canada for March 31, 1943, as given in the public accounts for the year ending on that date, which is 2·60 per cent, and the Minister of Finance's figures this afternoon were 2·57 per cent. I have taken up the time of the house to put this on the record because from Vancouver island to Halifax the C.C.F. have been holding out to the people of Canada the New Zealand picture, and instilling or leaving, if possible, an inference in the minds of the Canadian public that the C.C.F. party is just like the labour government of New Zealand and that if we had a government like that in Canada things would be greatly different in this country and far better.

I noticed that when the hon. member for Cape Breton South was speaking he paid no attention to my statement that in New Zealand on income tax they soaked the poor and in this country we soak the rich. That was left out of his speech. He omitted to make any mention of Canada's treatment of ex-servicemen. I said that although we had not reached the ultimate in giving consideration to our returned men, our treatment of ex-servicemen was not excelled by any other country in the world. I am not going to pit this country's war effort against that of any other dominion. I do not think it would be wise to do so, nor do I think it would be right to do so because, as everyone knows, each one of the dominions has, I believe, contributed to the utmost. But I can say this, Mr. Speaker, there is no dominion that has exceeded the contribution of Canada, and if figures are wanted I could place them on the record, too.

In the subtle propaganda of the C.C.F. speakers outside this house they always endeavour to leave the thought in the minds of all audiences that what New Zealand is enjoying in the way of social measures came into effect because they have a labour government there. Let me explode that fallacy, because fallacy it is.

Mr. HANSON (York-Sunbury): This is interesting.

Mr. REID: I understand they had a socialist government in New Zealand away back in 1892, but the things they tried to do in those days did not take very well and they were kicked out. Following that, they had what the C.C.F. so glibly calls the "old-line parties". It may surprise hon. members of this house to know that the old-line parties put most of the social legislation on the statute books of New Zealand. Let me give the facts. In 1894 they had the first arbitration court on wages and conditions. In 1898 they had old age pensions. Mothers' allowances—

Mr. KNOWLES: Long before we had them here.

Mr. REID: Yes, it was a long time ago. If the hon. member wants me to repeat it—

Mr. KNOWLES: I said that it was a long time before we had them in Canada.

Mr. REID: I know it is hurting him, but I shall try to be as easy as I can. Mothers' allowances, 1911; pensions for miners, 1915; that is, pensions for those with diseases of the mine such as T.B. and dust diseases; epidemic pensions, 1918; pensions for the blind, 1924; family allowances, 1926. It was not until 1935 that the New Zealand labour government came into power; yet this great propaganda is going out to the Canadian people: the New Zealand people down under can show us the way. Throw the government out and put us in, say the C.C.F., and you will get the same conditions in Canada as they have in New Zealand.

I am not going to call on a witness that I have before me, because I realize that perhaps it would be unfair to do so, but I can bring that witness before the house, since I have him on record before me in the shape of the

leader of the opposition of New Zealand. I could quote what he has to say about the New Zealand government.

Mr. HANSON (York-Sunbury): By all means let us have it.

Mr. REID: It is just terrible. This is not a Canadian, an American or a Britisher speaking, but the leader of the opposition in New Zealand. And by the way, before coming to that may I say I nearly overlooked this—

Mr. MacNICOL: Do not leave anything out.

Mr. REID: I may leave out a little because I may need to come back. I shall, however, put enough on the record to keep their scientific factory working overtime. When they are going through this country telling the people about the labour government of New Zealand being like the C.C.F. party I wonder if they would mind telling the labour unions and the labour people this story. In New Zealand they have what is known as the flat wage schedule. The artisans, the men of ability who may spend seven or eight years learning a trade in that country get on the average only five cents an hour more than the ordinary helper. I want them to go out through the country and tell our artisans that if we adopt the same kind of government in this country as they have in New Zealand we might have that here. I should like them to tell the people this also. On looking through the records I find that they do not pay the women in comparison to the men anything like what we pay them in Canada, because they pay them less than fifty per cent of what the men receive. I want the public to be told these facts; that is why I am making these remarks to-night. I have had some experience in British Columbia since 1935; if I had time I could tell many queer stories of what happened in that province during the years of depression up through the Fraser valley, but I am not going to deviate from the story I have to tell, because it is too good. I want hon. gentlemen of the C.C.F. to tell the people of Canada the truth, and I am giving them the truth to-night; not the political truth but God's truth.

New Zealand, it is true, is the most protected country in the world, but that does not give its people a particularly high standard of living. We should think that over carefully. I could quote the leader of the opposition in New Zealand, who says of the labour government that it has left a trail of broken promises. I have something else of his to quote; it sounds very much like something that might have been said during the Saskatchewan campaign. By the way, I heard some figures quoted yesterday in regard to the vote in Saskatchewan. I wonder how many hon. members know that the labour government of New Zealand got in with thirty thousand votes less than the combined opposition. They very nearly missed it. Here is what the leader of the opposition in that country had to say in 1943.

> Labour tries to soft-pedal its socialistic doctrines for tactical reasons, but its fundamental goal is still the socialization of the means of production, distribution and exchange. And the "means of production" means farms—your farm!

Remember these are the words of the leader of the opposition in that country; I am sure my hon. friends will not be able to refute his statements:

> This so-called security. There is not a farmer in New Zealand who can say that his farm will not be wrested from him under the Small Farms Act. That is the "security" that socialism has given him!

I have one complaint and fault to find with the labour government and the finance minister of New Zealand, and I am speaking as one who at different times has urged monetary reform, in the realization that we must move forward. The government of that country has been described by the C.C.F. as socialistic. It has been similarly described by the leader of the opposition there, who says that the only way to get rid of the socialist government is to vote it out and put his party in its place. Let me read what Mr. Nash had to say, and I really think he might have copied this from the Minister of Finance of Canada, for it sounds exactly the same. Remember, this is the government that went in on the promise of debt-free money.

Mr. NOSEWORTHY: Which was written first?

Mr. REID: Just wait till you hear this and perhaps you will not laugh so loudly. I do not have to remind the hon. gentleman of the saying about the loud laugh. I quote from Mr. Nash, in presenting the New Zealand budget of 1943:

> An examination of the estimated cost of the war will show the futility of attempting to take the amount required by taxation, but inside the objective (the maximum production of goods and services) taxation should be used to the extent that it will give the best results. The goal set by the government has been to pay one-half at least of the cost of the war from taxation. Owing to abnormal capital expenditure during the year just past this goal has not been reached, although the proportions would have been closed had all income taxes been collected.

Here is where I am greatly disappointed; here is where I recall the promise made about debt-free money. Hon. Mr. Nash says:

This takes me to another method by which money can be raised—creation of credit. It has been suggested by many good citizens, who have not fully examined the effect of their proposals, that the full cost of the war should be met by the issue of currency from the reserve bank. This is such an easy road that if it had good foundations we should follow it, but the facts of life prove that it would lead to chaos and disaster.

This is the socialist government that was elected on a promise of debt-free money, and when I say "elected on the promise of debt-free money", again I am using the words of Mr. Holland, who is now leader of the opposition in that country. As most hon. members know, New Zealand does only about half its banking business. When the Minister of Finance made his statement this afternoon I could not help thinking that the debt structure in New Zealand is far heavier, apart from the fact that it is greater, than that of Canada. This afternoon the minister pointed out that only 3·3 per cent of our debt was now payable outside the country, which means that interest on our debt will be paid mostly to our own people. In New Zealand, however, 33 per cent of the debt is payable in London. As Mr. Nash said, if they had to pay £145,000,000 in London last year, they would need to raise something like £200,000,000 in order to do so.

My time is passing very rapidly. I am sorry I have had to take so long on this one subject, but it is so important to the people of Canada that all the facts should be placed before them.

Mr. GILLIS: You are going to have to make another speech after this one.

Mr. REID: Well, it will not be because you will refute anything I have said, if one can judge from the last figures you gave.

Mr. GILLIS: You will see, after I get started.

Mr. REID: I will tell you what I will do with you. If you think you can prove these figures wrong, although they were quoted by Mr. Nash, and you are willing to place your seat in jeopardy, I am willing to do the same.

Mr. GILLIS: Your seat is in jeopardy anyway.

Mr. REID: If you will just come out to my constituency and make a speech I will be elected.

Mr. GILLIS: I would love to.

Mr. REID: You had better be careful or I may visit your riding and show up your figures.

[Mr. Reid.]

Mr. GILLIS: You have a standing invitation.

Mr. REID: I made my previous offer and statement and I stand by it.

Mr. GILLIS: You have a standing invitation to come.

Mr. REID: I notice the hon. gentleman has not replied to my offer.

Mr. HANSON (York-Sunbury): I think you are both safe.

Mr. REID: I am quoting figures from the actual records. If they are wrong, surely the hon. member who quotes them cannot be held entirely responsible. I am not just ferreting these out; I have the New Zealand official records in my hands.

Mr. GILLIS: Graham Towers ferreted them out for you.

Mr. REID: Well, Mr. Speaker, if we were outside this house I would say that the hon. gentleman lies if he says I had anyone help me with these figures. I spent three days looking them up, and I will back my mathematics against those of any member of the C.C.F. I spent my own time digging up these papers, with no one to help me. I obtained the loan of the records, and now the hon. gentleman has the temerity to make a statement like that. However, my statements stand.

Mr. GILLIS: You are very sure of yourself.

Mr. REID: Yes, I am. This is the old game; the hon. gentleman throws in a few remarks; then goes home and tells the boys, "Didn't we interrupt his speech? Didn't we spoil it?" I can tell him now he will not be able to say he put Tom Reid on the spot. He is not able to say that, anyway.

Mr. GILLIS: Mr. Speaker—

Mr. REID: You will have your chance. Mr. Speaker, I would ask you to keep order. I have been brought up in a tough mechanics union—

Mr. GILLIS: Let somebody else tell the story.

Mr. DEPUTY SPEAKER: I would ask the hon. member for Cape Breton South (Mr. Gillis) not to interrupt unless he brings up a point of order. I would ask him to stop his interruptions, and to address the Chair when he wishes to interrupt or ask questions.

Mr. REID: Thank you, Mr. Speaker.

Well, since my time has almost expired, may I say that I think I have put enough figures

on the record to keep my hon. friends working hard for a long time—including their scientific factories. I am apologizing to the house for jumping into the debate at this late stage, but I felt I could not allow those figures to go unchallenged. I felt that in coming before the members of the house I should bring the official records. I have given the figures honestly, sincerely and to the best of my ability; I have done it unaided, and I take the responsibility for saying it. There is no scientific factory of men behind me.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I have been amazed to-night to listen to the tirade the hon. member for New Westminster (Mr. Reid) has seen fit to put on the record, in the dying hours of the budget debate. The government are very much concerned about getting the business of the house done; at least they are leading the public to believe that. That is their position, except when it suits their purpose to put over some political propaganda. The amazing part of this exhibition—

Mr. DUPUIS: Mr. Speaker—

Mr. GILLIS: I wish to have exactly the same amount of order, Mr. Speaker, that you demanded for the previous speaker.

An hon. MEMBER: As much as you gave.

Mr. GILLIS: The surprising thing to me is that the last night the hon. member for New Westminster addressed the house he rose in his place and occupied about fifteen minutes of the time of the house in assuring all and sundry as to how carefully he had dug up his figures, at the same time striking himself on the breast and telling all who would listen just how truthful his statements were. Oh, he did not make any mistake, because he dug his facts so carefully! Well, all he has succeeded in doing to-night, so far, is to prove to the house that the figures he put on record on the first occasion were absolutely incorrect. To-night he has changed completely every figure he put on the record at that time. I am wondering, if I go to the trouble to dig up further figures in this matter, whether his statement will not be just as much at variance the next time he speaks as it was to-night.

What I made clear, in the figures I put on the record, was this. First, I attempted, and I think successfully, to defend a sister dominion. Only a few days ago the Prime Minister of New Zealand stood at the head of the table in front of Your Honour. The leader of the opposition (Mr. Graydon) and his entire group, the Prime Minister of Canada (Mr. Mackenzie King) and every member on that side of the house, eulogized New Zealand. They rose in their places and cheered the Prime Minister of that country. They paid tribute to the war effort that country was making, and to the contribution their soldiers are making overseas.

To-night the hon. member for New Westminster places New Zealand at the foot of the ladder, so far as nations are concerned.

Some hon. MEMBERS: No, no.

Mr. REID: I rise to a point of order.

Mr. GILLIS: I have the floor.

Mr. REID: I have a right to raise a point of order.

An hon. MEMBER: Sit down.

Mr. GILLIS: Do not do so much hollering. I am not easy to make sit down; get that under your hat.

Mr. REID: The statement the hon. member has made is absolutely incorrect. I said I would not pit one dominion against the other, because they all had contributed to their utmost.

Mr. GILLIS: Well, Mr. Speaker, the hon. member for New Westminster can place whatever construction he likes on his remarks. But I sat in my place, and I know the impression I got. That was the implication of his remarks.

The thing I am concerned about is this. Every member on that side of the house, and many members on this side applauded the Prime Minister of New Zealand in his remarks. If that is the attitude of this government and the leader of the opposition, then in my opinion their gestures to the Prime Minister of New Zealand were sheer hypocrisy.

Mr. HANSON (York-Sunbury): Just leave us out of it.

Mr. GILLIS: Just sheer hypocrisy. You will have a chance to make your speech.

Mr. HOMUTH: Mr. Speaker, I rise to a point of order. The hon. member has accused members of this group and our leader, who is not at the moment in his place, of hypocrisy. I wish him to withdraw that word. We have not discussed New Zealand in any way.

Some hon. MEMBERS: Withdraw.

Mr. GILLIS: I am not withdrawing. I am addressing the Chair.

Mr. HANSON (York-Sunbury): On the point of order, I suggest that the hon. member must withdraw the charge of hypocrisy against the leader of the opposition. It will not do for

him to take the attitude that he will not withdraw anything. The Chair and the house must decide whether or not he will withdraw. I think, on an appeal to the hon. member's good judgment, he will withdraw it. If he will just withdraw that remark about the leader of the opposition, and other members of the group, and let them speak for themselves it would be much better. So far as I am concerned, when acting in the place of the leader of the opposition, while he is unavoidably absent, I do not intend to allow that charge to go unchallenged.

Mr. GILLIS: Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. GILLIS: I have the right to speak to a point of order.

Mr. DEPUTY SPEAKER: Let the hon. member speak to the point of order.

Mr. GILLIS: I did not accuse anyone in particular on this side of the house.

Mr. HANSON (York-Sunbury): Oh, yes, you did.

Mr. FRASER (Peterborough West): Yes.

Mr. GILLIS: What I said, and what I repeat, is this, that the remarks of the hon. member for New Westminster were roundly applauded on this side of the house.

Mr. FRASER (Peterborough West): What has that got to do with it?

Mr. GILLIS: That you agreed with the remarks.

Mr. FRASER (Peterborough West): Absolutely.

Mr. GILLIS: I say, then, that when your leader took that microphone and represented the opposition groups in the house, and said the things he said about New Zealand, and eulogized the Prime Minister of that country and the contribution they were making—

Mr. FRASER (Peterborough West): To the war effort.

Mr. GILLIS: —and you take this attitude in the house toward that country when they are not here to defend themselves, that in my opinion it was a gesture of hypocrisy.

Mr. HOMUTH: Again I rise to a point of order.

Mr. GILLIS: And that goes for both sides.

Mr. HOMUTH: The hon. member has accused the leader of the opposition and members of this group of hypocrisy.

Mr. GILLIS: I did not; the leader of the opposition is not here.

Mr. HOMUTH: The word itself is unparliamentary, and I will ask him to withdraw it.

Mr. DEPUTY SPEAKER: I believe the point of order has been well taken.

Mr. GILLIS: I knew you would.

Mr. DEPUTY SPEAKER: Standing order 41—

Mr. MACKENZIE (Vancouver Centre): Mr. Speaker, I just heard the hon. member observe, "I knew you would." That has to be effaced, since it is a reflection on the Chair.

Mr. DEPUTY SPEAKER: If the remark was made, then I ask the hon. member for Cape Breton South to withdraw that insinuation.

Mr. GILLIS: Mr. Speaker, any insinuation I may have made with respect to yourself I gladly withdraw.

Mr. DEPUTY SPEAKER: Citation 298 of standing order 41, page 97 of Beauchesne's Parliamentary Rules and Forms, reads:

> The following expressions have also been ruled out of order: dodge; factious opposition; hypocrites.

And so on. It is under that standing order that I ask the hon. member to withdraw his insinuation.

Mr. GILLIS: Mr. Speaker, if in your opinion—

Some hon. MEMBERS: No.

Mr. GILLIS: —I have not respected the ruling of the Chair—

Some hon. MEMBERS: No.

Mr. GILLIS: Mr. Speaker, if in your opinion I have said something that is not in accordance with the rules of the house I withdraw it.

Mr. HOMUTH: I submit that the hon. member is not withdrawing as he should. It is not a question of your opinion, Mr. Speaker; it is a question of the rule of parliament that you have quoted, and the hon. member must withdraw without any modification.

Mr. DEPUTY SPEAKER: In this case I believe the hon. member for Cape Breton South has made a proper withdrawal.

Mr. GILLIS: In connection with that great ceremony my mind goes back to the ceremony we had this afternoon when we welcomed that great French soldier, General Charles de Gaulle, in front of the parliament buildings. He is a soldier who has fought the reactionaries of the world since 1934. He finally fought his way to a place of power and recognition by the peoples of the world. I

wonder how sincere many of us were this afternoon in that great ceremony. My stand is well known in the circles he moves in. It leaves me a little doubtful at times as to what the future holds for Canada.

The hon. member for New Westminster (Mr. Reid) pointed out something this evening that is ancient history. Most members of this group know the fight for social reform that has been carried on for thirty-five or forty years in New Zealand. While many of those reforms were put on the statute books of that country when the old-line parties were in power it was done because of the pressure of the socialist and labour movements. We have a repetition of that history in Canada to-day. We have family allowances and other reform legislation which were promised by the Liberal party as far back as 1919 but which were never enacted. To-day this legislation is before the house. Why? Because they want to give it to the people of Canada? No. It is there because of the pressure of organized labour across Canada in its march in the political field. That has forced a general recognition on the part of the old-line parties that social reform must come. If the people do not get it from the government in power, they will do what they did in New Zealand; they will throw them out.

The figures that I put on the record are still there. If they are wrong, then the Canada Year Book for 1941 and 1942 is wrong. If they are wrong, then the New Zealand Year Book for 1941 is wrong. I think the Minister of Finance (Mr. Ilsley) made it abundantly clear this afternoon that in comparing debt, interest and so forth of different countries there are many ramifications to be considered. There is no exact blueprint and you cannot make any particular statement with respect to debt. You must take many factors into consideration.

When the hon. member for New Westminster put his figures on the record I searched for comparable information. I could have taken the 1942 figures, but the only information I could find comparable with the figures he put on the record was in the 1941 and 1942 year books which gave the 1940 situation. The 1940 figures with respect to debt, social legislation and so forth are the only figures that can be taken as a comparison with the New Zealand situation.

I could go to-morrow and get the war debt that has accumulated in Canada since the outbreak of the war and compare it with New Zealand's, because that is what the hon. member did to-night with his figures for 1942. The 1940 figures are the only comparable figures that should be used in comparing the two countries and those are the ones I used. The hon. member for New Westminster carefully shied clear of what they get for their taxes. To make a general statement about social security does not mean anything.

I have put a clear, concise statement on the record with respect to taxation. I said that no one complains about paying taxes; no one quarrels about any tax imposed by a government if he gets something for it. That is the point. I do not want to go over my figures again and waste the time of the house, but they showed that in the field of social security and education Canada spends only $15.83 per capita while New Zealand spends $39.50.

Anyone who attempts to justify the existing social legislation in this country by comparing the debt and interest charges of Canada and New Zealand has a lot to do. New Zealand is a small country with a million and a half people. It is a barren island with little or no resources, but that country has given its population one of the highest standards of living in the world. It has done that with nothing to work on. We live in a country that covers the north half of the north American continent. We have unlimited resources and 11,500,000 people to provide for. To attempt to justify our situation by comparing our country with a country like New Zealand is certainly not statesmanship.

Personally I recognize New Zealand's limitations. During the process of fighting this war I am accepting literally the provision of the Atlantic charter for free access to the raw materials of the world. I see Canada in the future helping to raise the standard of living of those countries which have not the wherewithal to provide for their people. I hope that not many hon. members are going to take small countries with few resources as an example in an effort to justify our own inactivity in developing our natural resources. We should not attempt to justify that simply because some other country has not done it. That is the position the hon. member for New Westminster takes to-night.

Mr. REID: No, it is not.

Mr. GILLIS: The position this group takes is that taken by Roosevelt and Churchill when they drew up the Atlantic charter, and that taken by Stalin and Roosevelt and Churchill when they met at Teheran and laid down the strategy for the annihilation of nazism and totalitarianism. Those are the things we are fighting for, and those should be the social objectives of each and every country. I am

very sceptical when a member of this house attempts to quarrel with the figures, as has been done on two occasions.

But more than that, I am afraid to-night of the statesmanship of the men who sit on the treasury benches opposite, men who should have the respect of the people of this country and should show more statesmanship than to laugh and applaud when someone occupies the valuable time of this house in trying to ridicule and belittle a sister dominion which is fighting shoulder to shoulder with Canada on every battlefront of the world. I am afraid of that kind of statesmanship. As a member of this House of Commons I take my duties seriously. I am here to see that the people of this country, in every section of it, are protected. I am here to see that our service men get a deal. When we talk of all the things that we have done for our service men, I say that what we have done so far leaves much to be desired. I am going to leave it to the service men to give their answer on that.

Mr. FRASER (Northumberland, Ont.): You take in a lot of territory.

Mr. GILLIS: A lot of territory was taken in by the hon. member for New Westminster whom I am answering, and I would not have occupied the time of this house at all at this time except for a direct attack upon myself.

Mr. REID: After you attacked me.

Mr. GILLIS: No; I merely corrected certain figures that you put upon the record. The figures that I put on the record came from the Canada Year Book of 1941 and 1942 and were 1940 figures. Anyone can rise in his place every two weeks in this house and show, when you take in the changing figures of the debt situation, that the figures put on the record a week or a month ago are not up to date to-day. If you want to do that, you can keep this house going for a long, long time. I could dig up figures to-morrow that would contradict the figures put on the record to-night by the hon. member for New Westminster, just as the figures he put on the record to-night completely contradicted his own figures that he put on the record two weeks ago. But that sort of circus does not add to the prestige of this house. I am sorry that I have been inveigled into this, and for the first time since I came into this house I am doubtful about the future of Canada under the statesmanship displayed in this house to-night.

Mr. FRASER (Northumberland, Ont.): You have displayed that sort of thing ever since you came into the house.

Mr. GILLIS: You are not here often enough to know whether I am here or not.

Mr. BROOKE CLAXTON (St. Lawrence-St. George): Mr. Speaker, the hon. member for Cape Breton South (Mr. Gillis) finished by saying that he was doubtful of the future of Canada in view of the statesmanship shown in this house.

Mr. GILLIS: To-night, I said.

Mr. CLAXTON: I do not believe many people can be doubtful about the future of Canada as long as they know the facts and face them squarely in every argument and deal with them as Canadians.

The hon. member for Cape Breton South says that the member for New Westminster (Mr. Reid) was belittling New Zealand, whereas the hon. member for New Westminster was actually belittling the Cooperative Commonwealth Federation arguments drawn from the case of New Zealand, and drawn incorrectly, as the hon. member for New Westminster pointed out.

The hon. member for Cape Breton South rose, he said, to defend a sister dominion. No one in this house in my hearing has ever attacked any dominion of the British crown anywhere, least of all the hon. member for New Westminster to-night. He never brought up these figures in the first place—

Mr. GILLIS: Yes, he did.

Mr. CLAXTON: He did not. The figures were brought up by the C.C.F. on the hustings from one end of Canada to the other; and when figures are brought to meet them, to show how inaccurate they were, the C.C.F. raise objections and say that we are attacking a sister dominion. Who began these comparisons? Mr. Speaker, on two occasions I myself have urged that comparisons between different countries are misleading and should not be made except for the purpose of healthy emulation. But for a year and more past the C.C.F. in Canada have been using facts and figures, they say, derived from the experience of New Zealand, particularly for the purpose of influencing Canadian electors, and now when these alleged facts and figures are met, they say that there is an attack on New Zealand. The attack is on the C.C.F. figures on New Zealand and on their failure to take into account the total picture of New Zealand, which must be taken into account.

The hon. member for New Westminster did not mention to-night the great contribution which New Zealand has made to the war in the way of man-power, a contribution which is

surpassed by few countries on the face of the earth. He discussed facts and figures in the light of the facts and figures brought up by the C.C.F., and did nothing else. That drew the hon. member for Cape Breton South out of his seat to give a speech which did not add very greatly to our knowledge of this subject. Then the hon. member for Cape Breton South says that our side, when we meet his facts and figures, are producing political propaganda. Let us have more political propaganda if it produces the facts and gives to the people of Canada the facts upon which they can base their decision in the days and months and years that lie ahead.

When I rose to speak to-night I had not intended to deal with this, but wished to deal with another subject related to it, the need of all the people of Canada getting all the facts about every subject. The prosecution of the war and the preparation for the peace are in the forefront of the minds of all of us, of members of all parties and of all the people of Canada to-day. Whether we are legislators or men working in the factories or on farms or soldiers fighting overseas, all our thoughts and energies and hopes are concentrated on these two objectives. The one essential ingredient for the effective prosecution of the war and for the preparation for the peace is that the people of Canada should remain united in will and in purpose. This has been frequently urged by members in all quarters of the house, but things have been said recently in the house and outside it which do not make for unity.

The unity of any country depends upon general understanding. We must recognize our common interest in the common good. Any understanding can be based only on knowledge and truth. The effective working of a democracy depends upon the knowledge of all the people and in their interest in their own government. This is particularly so in Canada, with five geographical divisions, a country where most of the people are descended from the two races which have given to the western world its major civilizations. Judged by any standards, Canada has done well through the years of peace and through the years of war. Even if we look backwards it is hard to say where our total effort on behalf of the united nations could have been increased.

Moreover, the measures adopted by this government have led to the burden of the war being fairly distributed on the shoulders of the population in relation to their ability to bear the load. When one considers the differences which we must recognize do exist in Canada and the difficulties that have been overcome, the record of the people of Canada stands up better than the record of the critics of Canada. The great majority of Canadians are anxious to remain united in the war and in the peace. The great majority of Canadians are prepared to face facts realistically and to make their utmost effort to get along together in the recognition that along any other road lies disaster. The great majority of Canadians deplore the attempt by anyone which has the effect of diminishing unity or dividing the country into separate races and creeds. Unfortunately there are in all parts of the country groups that respond to sectional and racial appeals, and there are unfortunately people who make those appeals.

My attention was recently called to a speech of the hon. member for Charlevoix-Saguenay (Mr. Dorion), given at Ste. Anne de la Pocatière on July 3 of this year at the opening of the campaign of his brother, Noel Dorion, Duplessis candidate for the Union Nationale in Kamouraska. According to a report in *L'Action Catholique* of July 3, 1944, the hon. member for Charlevoix-Saguenay said this and I may translate it:

> I accuse the Godbout government of entering into an alliance with the Communists and with the Labour Progressive party, as witnessed by the declaration of Fred Rose in the *National Affairs Monthly* of July, 1944. I accuse the Godbout government of not having prevented King from putting into the hands of Russian Jews the Bank of Canada, the war information board and the national film board, in naming the Jews Rasminski, Petegorski and Kentchum to posts of command in these organizations.

As for the charge that the Godbout government is linked with the communists, I leave that to the good sense of this house and of the Canadian people and of the people of Quebec.

Mr. HANSON (York-Sunbury): Is it not the usual type of campaign speech in Quebec, anyway?

Mr. CLAXTON: I have never heard that particular line developed in Quebec in any campaign which I have engaged in—

Mr. HANSON (York-Sunbury): The hon. member is learning something.

Mr. CLAXTON: —and it strikes me as being something unusual. However, if my hon. friend the member for York-Sunbury (Mr. Hanson) suggests that this is characteristic of Quebec, he must bear the burden for that reflection.

Mr. HANSON (York-Sunbury): I am asking you the question. You know.

Mr. DUPUIS: No. That is the counterpart of Lake Centre.

Mr. CLAXTON: The second charge is that the Godbout government did not prevent King from putting into the hands of Russian Jews the Bank of Canada, the wartime information board and the national film board. Before going any further let us see what the facts are. The hon. member says that the King government put into the hands of Russian Jews the Bank of Canada, the wartime information board and the national film board. I wonder whether the hon. member believes this. Does he know who are the members of the board of directors of the Bank of Canada, the board of directors of wartime information board, or the board of directors of the national film board? If he can find any Russian Jews in that company I shall be very much surprised.

Mr. DUPUIS: It will be well for the hon. member to mention those who are in charge.

Mr. CLAXTON: And if he looks at the administrative officers—respectively Graham Towers, A. D. Dunton, and John Grierson—I do not think he will find anyone there who answers to that description.

Mr. DUPUIS: And St. Amour. He is not a Jew.

Mr. CLAXTON: The hon. member bases his assertion in Ste. Anne de la Pocatière on the facts that "Rasminski, Petegorski and Kentchum have been appointed to posts of command." Let us take "Kentchum" first. Undoubtedly, by "Kentchum" he intends to mention David Ketchum, who is an officer of the wartime information board. The family have been on this continent for some hundreds of years, and as far as their records go back their origin is completely Anglo-Saxon or Irish.

Let me come to Messrs. Rasminski and Petegorski. Both these men were born in Canada and they are of the Jewish faith. Mr. Rasminski was educated at the university of Toronto and the London school of economics. For many years he was on the economic staff of the League of Nations. He is now an assistant to the governor of the Bank of Canada. He is known in Canada and throughout the world as one of the outstanding banking economists of the whole world. If the people of Ste. Anne de la Pocatière could meet Mr. Rasminski they would find a gentleman who could speak French, who would delight them and charm them with his knowledge of and love for their country, and who would impress them with the great services which he has given to our country.

Mr. Petegorski is an employee of the national film board on loan to the wartime information board, where he had to do with his own special field of labour relations. He is a graduate of Columbia university, and after taking a post-graduate course at the London school of economics he became a professor at Antioch. He is a born Canadian, and he has, like any other born Canadian, the right to serve Canada.

These two men and a handful of others who are of the Jewish faith are in the service of the government of Canada. Are they to be deprived of the responsibility of serving Canada because they are of a faith different from yours or mine? Is Canada to be deprived of the advantage of having their services? Are we to limit ourselves to people of Anglo-Saxon descent, or French descent or some other descent? The duty of serving Canada must not be limited to people of any one race, and the right to serve Canada is not limited to people of any race. It should be the glory of Canada that this is one place on earth where myths of racial superiority and racial prejudices shall not flourish.

We ought to recognize the facts. We are a country of minorities. Every race in Canada, whether English or Scottish or Irish or French or Ukrainian or Jewish or German or anything else, is a minority with reference to the whole; they are in a minority when viewed in the total picture of the people of Canada. Every person in Canada, with the exception of the Indians and Eskimos, is descended from immigrants. We ought to be proud of that fact, and proud of what our forefathers did for us in settling in this country and pioneering for us. Hitler advertised race theories and the world has seen what they mean. In fact his reign of terror is best expressed and understood by the violent anti-Semitism which has been, not his article of faith, but his stock in trade. When we join in anti-Semitism of any kind, when we join in giving voice to racial theories of one kind or another, we point Hitler's sword at our own breasts.

Since the hon. member who mentioned this is of the Catholic faith, may I recall to him—and I do it with the utmost respect—the word of his Holiness Pope Pius XI, who had this to say:

> Abraham is called our patriarch, our ancestor. Anti-Semitism is not compatible with the sublime reality of this text. It is a movement in which we Christians cannot share.

Spiritually the people who give way to racial prejudice, who breed intolerance by their own intolerance, who create injustice by being less than just, are walking in the footsteps not of Christ but of all that Christianity and humanity stand and fight against in this war. The province of Quebec, my own native province, to which I am deeply attached, having

been born there and descended from people who lived there for three generations, is not to-day predominantly rural. It is no longer self-contained. Seventy per cent of the people of that province are urban. No part of industrial Canada is so dependent for its livelihood and prosperity on trade outside Quebec, with other Canadians and with the people of other countries. Quebec's interests are not isolationist, but above all places in Canada and, indeed, almost in the world, the interest of Quebec lies in the greatest possible cooperation with the people of other provinces and of other countries.

To-day we have been honoured by the presence of General de Gaulle. He paid his tribute to the sons of French parents who in the Canadian regiments were among the first to land on the beaches of Normandy from which their ancestors had come just three hundred years ago. For most of them it was their first return to the home of their ancestors. They went overseas to bring freedom to France and to humanity. Let us not lose that freedom at home. Freedom is a very civilized thing, and so is tolerance. Civilization is measured by the degree of freedom and the amount of tolerance there is in any community. We can be free economically and socially only if we have the advantages which come from united action and agreement on common objectives. And on those objectives we are not so far apart as the hon. member for Cape Breton South would like us and the Canadian people to believe. We can be free and united only if we have that respect for the individual which is the hallmark of Christianity. We can be united, provided that we keep before us the concept of Canada as a country second to none on the face of the earth.

A few days ago a friend of mine received from his son overseas a letter in which this was said:

> It is a funny thing, I never really felt as proud of being a Canadian until I got down here with some of the best fighting men in the world and found what respect they hold us in. Our chaps made quite a name for themselves in the last war and in this one they are living up to that name and doing one better. The more I see of people and countries I thank God I am a Canadian.

The Canada that boy is thinking of is the rivers and lakes, the open spaces and the dark woods, the mines and factories, the farms and the city streets. It is the history of Canada that it has roots in two civilizations that have led the western world; and it is in the geography of Canada with its back to the pole and its arms stretching out to the two oceans, bound to Britain by no ties except ties of interest and of affection, associated with the United States in a friendly relationship, the depth and the extent of which other nations cannot even understand. When he speaks of himself as a Canadian this soldier overseas is not thinking of an English Canadian or a French Canadian or a Jewish Canadian, he is thinking of a Canadian, an unhyphenated Canadian, and so are his comrades in arms, and so are the vast majority of the people of Canada to-day. They want to keep away from all the isms, from all the hyphens and to be people living in this great country of ours, people not only with a past that anyone can be proud of, but people with a future better than that of any other country. That is the kind of Canada he is thinking of, and that is the kind of Canada we in this house mean to give him.

The truth is that we can accomplish almost anything in Canada if we stay united. The war has shown that. But what advantage would it be to the people of Quebec or elsewhere if the seeds of disunity are planted, flourish, grow up and separate race from race, creed from creed, province from province? Unity is not a lofty ideal; it is a stern necessity if our welfare is to be served.

Mr. Speaker, I referred by name to the gentlemen I did because of the speech of my hon. friend to which I have referred. I hold no particular brief for those of the Jewish faith or of any other faith. I say that people who come to Canada and settle here have the right to be treated as all other Canadians, that there should be no discrimination between people in Canada whether they be of one province or another, of one race or another, or of one faith or another. It is our job in this house to see that as far as it lies within our power everyone in Canada is given equal opportunity to give our country what he can give it and to make for himself, his family and his descendants a life in this country such as only this country can give if we stay united.

But in any country having interests as wide as Canada's, national unity can be founded only on a cause which is larger than the nation itself. Patriotism begins at home, but it must not stop there in this world of little distances. The unity we seek must extend beyond the national borders. The unity we seek is essential to prosperity at home. The unity we seek must include the larger unity beyond our borders, which is also essential to our prosperity. We have everything before us if we stand united. We have nothing but weariness, difficulty and dissension if we allow these racial discords to be encouraged in our midst.

I feel that I make what may seem a rather prosaic statement in this house at this time, but I feel it deeply and I feel that I am voic-

ing the views of those men whom I have met in our armed forces and of those people in Canada whom I have met, who say that they want to see this Canada grow strong as Canada, as a country stretching from sea to sea, as a country which we can be proud to work for, to die for and to live for.

Mr. FREDERIC DORION (Charlevoix-Saguenay) (Translation): I would certainly not have participated in this debate had not the honourable member for St. Lawrence-St. George (Mr. Claxton) made a direct allusion to me. Since those words have been uttered, I think I may appropriately point out some truth which seem to be all too often overlooked on the other side of the house. The hon. member has referred in highly eulogistic terms to the part played by the Liberal party in promoting national unity in this country. Well, I have already said and proved, and I shall repeat and prove once again to-night that the worst disunion propaganda in this country has for the last 25 years come from the Liberal party.

In 1925, when the present Prime Minister (Mr. Mackenzie King) who had failed to be reelected in his constituency, returned to this house with 101 members while the Conservative party had 116, he was maintained in power through the cooperation of progressive members from the west. But, Mr. Speaker, among the 101 members who kept him in power, there were 60 members from the province of Quebec who had been successful at the polls because he had come before our people and advised them to stand up against their English-speaking fellow Canadians.

Mr. DUPUIS: To whom are you referring?

Mr. DORION: And I call to witness all the newspapers of the day. Look back on Quebec's *Le Soleil,* Montreal's *Le Canada* during the electoral campaign which preceded the 1925 election and you will find that in the fight against the Hon. Mr. Meighen, French Canadians were told that he had victimized our sons, that he had sent them to war and he was shown, as I have already pointed out early in the session, with hands dipped in the blood of our sons. And yet, these are the people who tell us to-day that we foster disunion because of the views I do not fear to hold, that I have held for a long time and that I shall continue to hold. That is the reason why it is necessary, as I said a while ago, to remind them too often unfortunately, since they have a very short memory, of what happened in the ranks of the Liberal party in the past twenty-five years.

[Mr. Claxton.]

In 1937, we heard the Minister of National Defence for Air (Mr. Power) say: "I went to war, I returned, I will not go back and I will send no one to fight." Such words were uttered during the 1937 election campaign in the county of Lotbinière. And they maintain to-day that we are the ones advocating disunion.

I am not afraid to appeal to the press and the electors of this country to prove that jokers are not on this side of the house. If the other day I objected to certain appointments of the dominion government, it is because I have considered the words spoken by the Right Honourable the Prime Minister upon his return from London, when he said: "I am back from overseas and I must warn you that the war may still be long and hard, but worse still, after the war we shall have to fight the forces of evil throughout the world." The other day in the speech which I made on the budget, I was wondering where those forces of evil were? I would ask the Prime Minister of this country to finish his sentence and to explain what he meant when he told us about what he found overseas. It is because I am afraid of these forces of evil in our own country that I am endeavouring to sound a warning, that I am trying to check communistic propaganda and that I am denouncing the alliance between the communists and the Liberal party.

To-night, I heard the hon. member for St. Lawrence-St. George using against me the same arguments as the hon. member for Montreal-Cartier (Mr. Rose). They claim that my arguments are those of Hitler. I do not have to blush for the arguments I use in this house and outside of it. That is where I discover the alliance between the Liberal party and the Communists, and I shall denounce it, not because I wish to fight the Liberal party, but because I intend to defend our own institutions with all the energy at my command. That is why, I claim we have no lessons to take from these people.

As for military service, I repeat what I said on previous occasions, that I do not fear any comparison with these gentlemen. I have been on active service when I was of military age instead of claiming exemption as some people whom I know.

I was in the air force in 1918 and I served overseas when I was only 19 years of age and I am proud of it. That is why to-day I take every opportunity offered me, as member for Charlevoix-Saguenay, to describe, in this house and elsewhere the feelings of our population. I am not afraid of doing so and I do not fear the arguments which may be brought up against me here or elsewhere. That is why,

I wished to-night to take issue with the hon. member for St. Lawrence-St. George on the statement he made a few minutes ago.

Mr. VINCENT DUPUIS (Chambly-Rouville) (Translation): Mr. Chairman, I did not intend to take part in this debate, but I deem it my duty to say a word in regard to the numerous matters brought up during the discussion on the budget. As a Canadian of French origin, and with the experience which I have gained in this house I must say first that it gives me great pleasure to compare what I have heard yesterday from the hon. member for Lake Centre (Mr. Diefenbaker) with the moderate, well-balanced speech, fair and just to all classes of society, made by the hon. member for St. Lawrence-St. George (Mr. Claxton). That is why, I am proud of the party to which I have the privilege of belonging. Indeed, after listening to such a speech, the broadness of outlook, the fair play and practical patriotism, of which do honour to the hon. member for St. Lawrence-St. George who refuted the statements made outside this house by the hon. member for Charlevoix-Saguenay (Mr. Dorion), I am doubly proud of my party. The hon. member attempted later to indulge in demagogy, for I believe that in parliamentary language this is the only word that can appropriately describe that speech.

Mr. DORION (Translation): Use words you please.

Mr. DUPUIS (Translation): If my hon. friend allows me to go further, I shall be even more frank, but it is contrary to my habit to direct strong language at my opponents. The hon. member for Charlevoix-Saguenay, delivered a speech outside the house in the constituency of Charlevoix-Saguenay which formerly was represented by worthy members of the Liberal or Conservative parties, who held Canadian citizenship in high esteem. He leaves the House of Commons to help a relative during a provincial election to arouse racial and religious prejudices and distort facts, as proved by the hon. member for St. Lawrence-St. George.

Mr. DORION (Translation): On a point of order, I would ask the hon. member to mention one instance where I have aroused racial prejudices. If he cannot do so, I shall ask him to withdraw this statement.

Mr. LEGER (Translation): In all your speeches in this house.

Mr. DORION (Translation): I have just been interrupted by the Minister of National War Services (Mr. LaFleche). I do not intend to disregard charges brought against me in this house. If the minister has enough courage to repeat what he said—

An hon. MEMBER (Translation): He said nothing.

Mr. LaFLECHE (Translation): Mr. Speaker, the hon. member for Charlevoix-Saguenay is wrong again, as has evidently happened quite often recently. I am not the one who spoke a while ago.

Mr. DORION (Translation): If you are not the one, I am sorry.

Mr. LaFLECHE (Translation): Then take back what you said. Go ahead and prove that you can still boast the qualifications you had in the last war. I believe the hon. member was a commissioned officer. Is he a part-time gentleman?

Mr. DUPUIS (Translation): Part-time gentleman! What a splendid part he played in the last war!

Mr. DORION (Translation): Play your own part.

Mr. DUPUIS (Translation): I served my country. I was turned down because of my health. I was then a student at McGill university, and with all my fellow-students—

Mr. DORION (Translation): I too was a student.

Mr. DUPUIS (Translation):—I volunteered to serve. One of my brothers died on the battlefield and eleven of my nephews are in Europe at present where they are fighting for the freedom you yourself have not the pride to want to defend.

Mr. Speaker, it seems it is a good thing to keep one's head; not to allow oneself to be carried away by sentiment, and I will try to act accordingly. I want to be kind to my hon. friend from Charlevoix-Saguenay because I remember the words of the Carpenter's Son who said at the hour of his death: "Forgive them; for they know not what they do." It is Christian forgiveness that I offer him.

Mr. Speaker, the hon. member asks us to prove that he has raised racial prejudices. Nonsense. Some people are so hard of hearing! The hon. member for St. Lawrence-St. George has just quoted verbatim words that he uttered at a meeting held in honour of one of his relatives—

An hon. MEMBER (Translation): Of his brother.

Mr. DUPUIS (Translation): What an argument!

An hon. MEMBER (Translation): He is a Conservative member.

Mr. DUPUIS (Translation): He said:

I accuse the Godbout government . . .

And I ask the hon. member to rise in protest if I do not quote the words he used and which are reported in *L'Action Catholique* of Quebec.

I accuse the Godbout government of entering into an alliance with the Communists and with the Labour Progressive party, as witnessed by the declaration of Fred Rose. I accuse the Godbout government of not having prevented King from putting into the hands of Russian Jews the Bank of Canada, the war information board and the national film board, in naming the Jews Rasminski, Petergorski and Kentchum.

Mr. DORION (Translation): I did not mention Kentchum's name.

Mr. DUPUIS (Translation): Did the hon. member really say that?

Mr. DORION (Translation): I did not name Kentchum.

Mr. DUPUIS (Translation): Did the hon. member really say that the King government entrusted its various services to Jews? I ask the hon. member who, at heart, must wish to remain worthy of the title conferred on him by his electors, to tell us if, at bottom, he really thought he was speaking the truth when he said that the national film board, the war-time information board and the Bank of Canada were controlled by Jews. Now tell me whether you think you spoke the truth or whether you knew that you were not speaking the truth. Now, is it true, yes or no, that you knew you were not speaking the truth?

Mr. DORION (Translation): The hon. member is a more experienced parliamentarian than I am, but he should learn, if it is indeed news to him, that no hon. member may speak twice on the same subject. I have not the right to answer him. He ought to know that. As far as his last remarks are concerned, I would ask you, Mr. Speaker, to have him withdraw them because no member has the right to say that one of his colleagues has lied.

(Text):

Mr. DUPUIS: I am going to speak in English. I said that he lied outside this house, when he spoke in favour of his brother in Charlevoix-Saguenay, and when he said that the King government put the wartime information board, the national film board and the Bank of Canada under the control of Jewish people. I stated that when he said that outside the house he lied. I asked him to say that it was not true, and he just admitted that, by his silence.

Mr. DEPUTY SPEAKER: On the point of order raised by the hon. member for Charlevoix-Saguenay (Mr. Dorion) I am positive that the words "lie" "lying" are not parliamentary. I will therefore ask the hon. member for Chambly-Rouville (Mr. Dupuis) to withdraw that qualification.

Mr. DUPUIS: I withdraw, then. I withdraw the word "lie"; nevertheless—

An hon. MEMBER: Be careful now.

Mr. DUPUIS: Allow me to speak in French. I know intimately members of every race and party represented in the house. I know them to be broadminded, and to recognize that the people of this country who belong to my race have at least some usefulness, sometimes, and they recognize that the French language is welcomed in the House of Commons. I do not know of any member, including the hon. member for Lake Centre (Mr. Diefenbaker), who would not like to speak French.

(Translation): Mr. Speaker, the hon. member for Chalevoix-Saguenay ran the last election under an independent ticket, although he was formerly a Tory.

An hon. MEMBER (Translation): He still is.

Mr. DUPUIS (Translation): I wonder whether he will ask me to withdraw this statement.

Mr. DORION: No fear.

Mr. DUPUIS (Translation): It should be an insult to him because when he made his campaign with the support of the hon. member for Temiscouata (Mr. Pouliot), he was an independent of short standing, and this is the truth. Then he swore by everything to his electors, from the northern part of his constituency to the enchanting shores of the St. Lawrence river that, once in the house, he would be of an absolute independence, voting with one or the other party according to the merits of the matters involved. Since I have been here, only once have I seen him vote with the Liberals, that is on our side; perhaps he wanted to support the communist members who voted against the amendment at the time.

Mr. DORION (Translation): Since the hon. member does not follow the proceedings of the house, let him reckon up the votes I have cast last year and he will notice that I supported the government more than once.

Mr. DUPUIS (Translation): On matters on which all the hon. members who have the least bit of common sense had to vote with us.

Mr. Speaker, it is most unfortunate that such happenings should occur among hon. members from my native province. We, citizens of French extraction, who, no later than this afternoon, were so proud to hear the voice of France through General de Gaulle; we who,

in 1763 transferred our allegiance from France to Britain, and who, thanks to the spirit of justice which is predominant in all British citizens have obtained freedom of action in this country; we who, in spite of this freedom, have to fight those who oppress, through their might and their money, the weak and the working classes; we who form a minority in this country, who should always remain united, should ever work hand in hand when the interests of the province of Quebec are at stake, what have we seen in this house, especially during the last few years? We have witnessed, in the province of Quebec, the very same unfortunate events that occurred at the Bourbon palace in the years before 1939, when Frenchmen, instead of remaining united and preparing to fight Hitler, the modern tyrant, were divided and fighting among themselves.

Despite the inspiring example given by our former motherland, we, the citizens of the province of Quebec, give the same evidence of disunion, we give the sad example of that dissension which the great Mercier stigmatized in days gone by when he advised his fellow-citizens from the province of Quebec to put an end to their internecine strife and achieve union among themselves.

Mr. Speaker, the hon. member for Charlevoix-Saguenay is one of those people, I do not blame him personally for that, I rather ascribe it to an old habit and to a mediate cause arising from the intellectual training we get in the province of Quebec, to the individualism from which we suffer so much rather than to a personal and intentional shortcoming on the part of the hon. member.

He is neither a conservative, because he has disowned the conservative party, nor a liberal, for he has never been one, nor again a member of the Bloc populaire, because I think that group does not want him, nor a supporter of the C.C.F., because that would not do in Charlevoix-Saguenay since the C.C.F. is but a camouflaged communism and the Charlevoix-Saguenay people value their money too much to hand it out to parasites. He belongs to no party. He is his own party.

Next to him there is the Bloc Populaire party, whose members for reasons and motives I shall not mention, because in their conscience they know them all too well, have left the Liberal party to wend their way toward a region as dismal and cold as a block of ice, in an attempt to bring down to their own level a man whose shoe-laces they are not fit to tie, the honourable and distinguished leader of the Canadian government. I shall not call him the greatest statesman, because that expression has become too commonplace, nor will I call him a great diplomat because too many people are labelled so, but I shall designate him as one of the liberators of mankind. Because of his contribution to the freedom of the working classes, some people have endeavoured to vilify him, to sully his reputation by resorting to all kinds of arguments with a view to bringing about his downfall in the province of Quebec. This has gone on to such an extent that people like the hon. member for Charlevoix-Saguenay and young greenhorns who support the Bloc Populaire, when they want to ruin the good name of the Hon. Mr. Godbout in the eyes of his fellow-citizens, accuse him of working hand in hand with the Hon. Mr. Mackenzie King, as if that were unworthy and scandalous, as if it were a humiliation to enjoy the friendship of the hon. the Prime Minister of this country.

Mr. Speaker, far from being humiliating or shameful, for one to proclaim himself the friend of the Prime Minister of this country, I maintain that it is a great honour, because he has contributed to the supreme greatness of this country. Let the hon. member for Charlevoix-Saguenay listen to this carefully: I say that it is providential, in these tragic times, when the world is plunged into the most terrible of all wars, a prey to the greatest scourge which mankind has ever known, I say it is providential that the government of this country should be led by a man as gifted, experienced, patriotic, broad-minded as the present Prime Minister. I challenge the hon. member for Charlevoix-Saguenay to try to reach even to his shoe-soles.

The future Prime Minister of Canada, after extensive studies in economics, furthered his training in thought and meditation, in appropriate surroundings under the guidance of his mother, the daughter of a great patriot who joined us in 1837 in the fight for freedom.

In 1908, through the grandfather of the present postmaster general (Mr. Mulock), Sir William Mulock, he was appointed in Ottawa by the Right Hon. Sir Wilfrid Laurier to the position of editor of the *Labour Gazette*. Why did he take this responsible post? Because that young man had found that the labour classes—workers and farmers—did not receive justice in this country, or at least they did not receive the full measure of justice to which they were entitled. He gave such a good account of himself that the Right Hon. Sir Wilfrid Laurier set up a department of labour with William Lyon Mackenzie King as minister. Since then, he has seized every opportunity to protect the interests of the working class, to fight abuses committed by capitalists.

I would point out, however, Mr. Speaker, that I am not denouncing all capitalists, for there are honest capitalists. I am in favour of freedom of production, of private enterprise, and in this democratic country of ours I am in favour of allowing all young men to prosper and to develop the talents with which Providence has endowed them.

But, there are capitalists who overstep the mark and who may be compared to those who committed similar abuses in 1837 and against whom we rebelled.

That young man, destined later to become Prime Minister, devoted his life to devise and submit to the parliament of this country laws to protect the working classes, the workers, the farmers, and to prevent the trusts from making an abusive use of their capital. He had laws enacted against these capitalists, against the trusts, and he saw to it that they were complied with. For twenty-five years, he proposed laws in favour of workers, giving them the right to organize and to protect themselves against those who were not acting fairly. We shall celebrate, on the seventh of next month, the twenty-fifth anniversary of his nomination as leader of the Liberal party. And when our friends of the Bloc, or the so-called independent members or the other parties in this house suggest social legislation, they should remember once for all that they are merely following, and from a distance at that, the path blazed by the Right Hon. the Prime Minister of this country.

Mr. Speaker, it is true that if there is in the province of Quebec an insignificant minority of citizens who are against our participation in this war, who are against everything we do, who seize upon every opportunity to say that we are fighting for England, that we do not owe anything to England, that the English are not doing anything, that young Englishmen hide in this country, that we are defending England, I should like to take this opportunity to inform the house and the citizens of my country, of the attitude of well-thinking citizens of Quebec and of those of the other sections of the country whose origin is the same as mine. Every human being in this world is actuated by a principle of primary importance, which is the ultimate object in life. It is the pursuit of happiness. While it is never reached, through our work, our energy, the virtues which we acquire through the principles which were instilled into our minds by our parents and by the clergy of any of the Christian denominations to which we may belong, we may hope on such solid basis to follow the path which was assigned to us by Providence.

[Mr. Dupuis.]

The main factors in the achievement of such an ideal include the love of freedom, freedom of speech, freedom of action, freedom of expression, freedom for our Christian clergy to teach, freedom to own property, freedom for us all to use as we choose the reward of our labour or the income derived from whatever property we may own. Those are the great freedoms which to us mean more than anything else in the world. Since the last war, which had no character of finality, our traditional enemies prepared in stealth and through all the crafty means they could design to destroy that freedom. But, on our part, we merely relied in the first place upon the League of Nations because we always advocated peace, and secondly, in case of war, upon the Maginot line built in France, which in that country was held to be impregnable. That explains why the right hon. the Prime Minister of this country, the hon. the Minister of National Defence for Air (Mr. Power)—to whom my hon. friend from Charlevoix-Saguenay has referred—the former minister of public works, the hon. member for Richelieu-Verchères (Mr. Cardin), the late Right Hon. Ernest Lapointe, whose memory we cherish, and all the government's spokesmen said, before the downfall of France: We shall wage a moderate war, Canada will send only a token army overseas. However, in June, 1940, after Czechoslovakia had been crushed and Austria invaded; after Poland had been attacked; after England and the other united nations had declared war; after all these events had occurred and France, our former mother country, with Belgium, had fallen and the French government, having taken flight to the south of their country, had been forced to ask for an armistice, where is the reasonable man who, considering the special events of these unfortunate times, would not have modified his views. The hon. member for Charlevoix-Saguenay and the hon. member for Stanstead (Mr. Choquette), who honour me by listening to my remarks at this moment, had the greatest confidence in the Maginot line; however, when we saw it breached and when we witnessed the fall of France, would it not have been sheer foolishness if, for the simple reason of stating with pride that our opinions had not changed, we had refused to alter our views with regard to our participation in the present war?

As General de Gaulle said this afternoon, in view of the easy flow of transportation, and thanks to modern inventions, the countries are all bound together; absolute sovereignty has ceased to exist in the world; all nations must help one another, and, in the present armed conflict not a single democracy was justified

in remaining neutral. As for us Canadians of French ancestry, after our former mother country was crushed by the foe, we knew that Canada would have the same fate unless England resisted to the end; we knew perfectly that the freedoms we have enjoyed since the conquest would have been lost forever if we had not realized that our sacred duty was to take our share of this war and to help Britain who was struggling alone when all the European countries were under the nazi yoke.

Mr. Speaker, has my time expired? If the hon. members of this house will give me a few minutes more, I shall be through.

Some hon. MEMBERS: Continue.

Mr. DUPUIS: When all other countries had been crushed, England, in her heroic resistance against the tyrant who had enslaved all the European territories, fought in a manner for which we should ever be thankful. The way for our country to express her gratitude in such circumstances, was to help to the limit of their resources those who had protected them against a tyrant whose victory would have meant enslavement for centuries perhaps.

(Text):

Mr. L. PHILIPPE PICARD (Bellechasse): Mr. Speaker, as a member of French descent, I feel it my duty, despite the lateness of the hour, in view of the speech of the hon. member for Charlevoix-Saguenay (Mr. Dorion) to make a few remarks. I had intended to speak on the budget, but had given way to others in order to shorten the debate, because we thought it might be over by the end of last week. I do not wish now to make the speech which I had intended to deliver. However, I feel I must rise to state emphatically to this house that the hon. member for Charlevoix-Saguenay does not represent the views of Quebec but the views of a boisterous minority. To my mind no French Canadian does more to harm his people than one who stirs up prejudice for political purposes.

French Canadians have had long and strenuous fights to gain recognition of their rights, but, 185 years after Canada became British, seventy-seven years after confederation, it can be said that no rights are denied to our people. The fight is no more for rights; they are not denied, except by a few bigots who have no influence even with their own people. The fight is now for obtaining some of the privileges which derive from those rights. The fight may be to obtain more in the way of public appointments. I wish to point out to our friends of English descent that more harm is done to national unity by not recognizing this, and because in some of the government services they do not give us our share, ammunition is furnished daily to ultra-nationalists and isolationists and others in Quebec who stir up prejudice. Were we treated more fairly in some quarters these people would be deprived of an argument which they bring up on the public platform in Quebec. If we did not have in some of the government services in Montreal people who do not know a word of French, although they deal daily with French people, and have to get an interpreter to sit by them when they have in front of them a Quebec farmer; if we did not have in the city of Quebec employed by the wartime prices and trade board a man who, although his French is confined to the equivalent of "yes" and "no" and a few other words, is retained under the pretext that he was formerly with a packing company—personally, probably, a nice chap, but one who can barely understand the people who speak to him—while such small incidents continue, although they are small they are aggravating. Every day our people meet these men and are incensed about it, and that sort of thing gives material to the ultra-nationalists to stir up prejudice.

Yet I say that it is not by raising racial prejudice that these people will help our race. It is by understanding, by discussing questions dispassionately, as in this house, with the best of faith and the best of intention to cooperate, that we can attain results. I repeat that it is by mutual understanding that these results will be achieved, not by going on the platform, as the hon. member for Charlevoix-Saguenay has done in the present election, and trying to raise racial prejudice.

When hon. members hear such statements as have been made by the hon. member for Charlevoix-Saguenay and are occasionally heard in the Quebec house from some other members, they may have a small idea of the difficulty experienced by those of us who are trying, in order to bring unity and harmony in this country, to interpret English Canada to French Canada and French Canada to English Canada. On the one side we are faced with the intolerance of certain of the public servants who do not want to give us what is our share; on the other side we are faced with the intolerance of bigots of our own people who try to excite others against the English majority, and are now about to enter upon a campaign of anti-Semitism. Day by day some of these people, instead of granting to others the tolerance they ask for themselves, get up on the platform and make such statements as those which were made at Ste. Anne by the hon. member for Charlevoix-Saguenay. Nothing can be more harmful. I repeat, and I should

like some of the "patriots" of my own race to understand it, that there is nothing more harmful than statements of that kind. When they are taken to task, as has been done so aptly to-night by the hon. member for St. Lawrence-St. George (Mr. Claxton), they do not deny it, but they hide behind a smoke-screen and enter upon a tirade on political lines. That is what we have to face, those of us who understand that the country is larger than the limits of Quebec, that our country is Canada, extending from the Atlantic to the Pacific, that we as Canadians have a great role to play.

What are we faced with when we go to Quebec? We meet the kind of propaganda, the counterpart of which is also found in other provinces and of which oftentimes we have evidence in this house in certain quarters when statements prejudicial to our people are made, and on a vastly larger scale, outside this house. If Canada is to enter again the era of intolerance, what of our future? I appeal to those who are trying to work for national unity. There are some such, I would say, in each of the political parties in this house, for I would not wish to monopolize for my own party all claim to goodness in that respect. However, I believe that as far as Quebec and French Canada generally is concerned it has received more comprehension, more understanding and vastly fairer treatment from the present administration than it has from the friends of the hon. member for Charlevoix-Saguenay, the people whom he supported and whom he tried to elect in 1940.

Before resuming my seat—and I have promised that I will not speak at length—I wish to state emphatically that the statements of the hon. member for Charlevoix-Saguenay made at Ste. Anne, the statements he has repeated to-night, and others of the same type which are spread daily in Quebec, are not the views of the majority of the province. They are nevertheless a very dangerous current of opinion, and I appeal at the same time to my friends of other groups to try to understand our people. Those of us who are endeavouring to act as a go-between try to get the people of both sides to understand one another and to make compromises. Here again I repeat that never has the province of Quebec or the French Canadian minority in this country experienced fairer treatment than by the present administration, not in the way of favouritism, but in the way of fairness and equity.

The attitude of mind which we find in certain people on platforms in Quebec, that attitude of intolerance which is to be found in some people in other parts of the country, would not have the influence it has were it not for the press of the English language which, whenever a member in Quebec makes a foolish or rash statement, prints in big broad lines, "French Canadian says this"; but when, the next day, somebody makes a constructive speech, he will get two lines on the last page, if he gets that much. The same thing is true so far as our French nationalist press in Quebec is concerned. When a crackpot of some sort like Shields gets up and makes a crazy statement it is put all over the province. I admit that the fault is on both sides. I appeal to both sides now while there is yet time, not to carry on with the idea of prejudice and intolerance, but to work together in a spirit of harmony for the greatness of Canada.

Mr. S. H. KNOWLES (Winnipeg North Centre): Mr. Speaker, had I caught your eye an hour ago I might have spoken for twenty minutes in this debate. However, I appreciate the desire of the government to conclude this debate to-night if at all possible; therefore I shall take only a few minutes in the hope that the debate can be brought to a close.

First of all I should like to offer my congratulations to the hon. member for St. Lawrence-St. George (Mr. Claxton) and others who have associated themselves with him in his fervent plea for racial tolerance and understanding in this country. There is such a thing as a liberal democratic tradition. That liberal, of course, has a small "L". Those who share in that tradition are, as the hon. member for Bellechasse (Mr. Picard) has just said, not confined to any one party. The fact is that on all sides of this house there are members who value deeply the ideals and the concept of humanity as stated to-night by the hon. member for St. Lawrence-St. George, as well as by some of the other hon. members who have spoken. I felt encouraged when the hon. member for St. Lawrence-St. George was speaking in connection with another point that is in the minds of some of us. I refer to the fact that in due course I hope we are to have an opportunity to do something about the miscarriage of this principle which occurred in connection with bill 135 some time ago; and I am glad to feel from what has been said to-night by a Liberal member that there are in that party a great many who share his view and who in the liberal democratic tradition will join with some of the others of us in what we hope will happen when that bill comes before us.

However, with an eye on the clock and remembering my promise, what I should have liked to have time to do would be to make a contribution—I feel it would be that—to the debate that we had earlier this evening on the question of New Zealand. Had I the time I would have given the house the information contained in material that I have in my hand which was prepared not by the government of New Zealand or any opposition group trying to discredit that country, but rather by the International Labour Office at Montreal. This material sets out in factual form the actual social benefits that accrue to the people of that dominion. To give even the headings of this material that I have would take more time than there is left at my disposal. But on some future occasion perhaps that opportunity will be presented, and I should like to give that material when that opportunity comes.

The point I wish to make has in fact been made by some of the others already, namely, that you get nowhere in this kind of argument when you attempt to compare tax rates and national debt and all that kind of thing. As the Minister of Finance (Mr. Ilsley) pointed out this afternoon, national debt has to be set against the ability of the country to carry it; it has to be set against the standard of employment and standard of living generally. Also, when you look at tax rates you have to find out what proportion of the total taxes collected by the country, not just the taxes of one kind, but what proportion of the total taxes are levied according to ability to pay; but even after you have done all that in the most complete statistical form it is still just about impossible to array two systems against each other in that way. I feel, however, that there is merit in looking at the things that the people of New Zealand actually have in the way of complete social security benefits, and on another occasion I shall, because I think hon. members should have it, place a digest of it on *Hansard*.

There is one other reference that I shall call to the attention of hon. members. This time it is a book from New Zealand entitled "New Zealand, the Working Democracy," by Walter Nash. I refer hon. members in particular to appendix 3 of this book on pages 318 and 319, in which there is set out in tabulated form the benefits that were paid to New Zealand people under the social security laws in effect when the labour government came into power in 1935 and the benefits in effect in 1943. This table answers one of the arguments made to-night.

Hon. members have already made many comments about our having so much to say about New Zealand. We have no apology to make for that. As a matter of fact we feel we have done the people of this country a service in printing by the thousands such a speech as that which was made in Ottawa in 1941 before the committee on reconstruction and rehabilitation of this house by Walter Nash, a speech in which he set out the things that they were doing in that country. I myself had something to do with that reprinting in Manitoba and I know the orders that kept coming in amazed us. They showed the interest of the people in what was going on down there. We feel that we are doing a service to the people of this country in pointing out what has been done in that sister dominion. As a matter of fact I am reminded of the words of the hon. member for New Westminster (Mr. Reid), who spoke in this present debate on June 30 as reported at page 4386 of *Hansard*. He said:

> As one who was born in the same country, indeed in the same neighbourhood, may I pay my humble tribute to one of Scotland's sons who has made a name for himself by his public service to New Zealand and thereby to mankind.

I feel that in line with what the hon. member said on that occasion, rather than what he said to-night, we are doing a service to the people of Canada in making known to them as widely as we can the service that has been rendered to their people by the labour government of New Zealand.

Main motion (Mr. Ilsley) agreed to on division.

WAYS AND MEANS

The house in committee of ways and means, Mr. Bradette in the chair.

Progress reported.

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

ADDRESS

OF

GENERAL CHARLES DE GAULLE

TO

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS AND THE GENERAL PUBLIC

PARLIAMENT HILL, OTTAWA, JULY 11, 1944

(General de Gaulle was welcomed by Right Hon. W. L. Mackenzie King, Prime Minister of Canada, and Hon. Louis S. St. Laurent, Minister of Justice)

Right Hon. W. L. MACKENZIE KING (Prime Minister of Canada): Your Excellency, Your Royal Highness, ladies and gentlemen: We are met this morning to extend to General Charles de Gaulle a hearty welcome to Canada.

To you, General de Gaulle, as a French soldier, as a leader in the fight for world freedom, and as representing the unconquerable spirit of France, I am proud to offer this welcome in the name of the government and people of Canada.

Here, in the presence of the representative of the crown, are assembled before you the representatives in parliament of the Canadian people. Here also are assembled residents of our capital city. All are proud to honour the man who in the darkest days of this war rallied the forces of Free France, and who to-day is the symbol of the determination of the French nation to restore its freedom and greatness.

In welcoming General de Gaulle to our country, I can speak for the whole of Canada. In no country has the sympathy for France in her agony been deeper than in our own; in none have the prayers for her liberation been more fervent; in none has the growth of French resistance been watched with greater pride and admiration.

For the visit to Canada of General de Gaulle, the hour could not have been more happily chosen. At this moment, French and Canadian soldiers are fighting side by side in Italy. On the battle fields of Normandy, Canadian fighting men form part of the great allied striking force. Amidst these scenes of conflict and triumph there has been a proud renewal of the historic association between the people of France and Canada.

General de Gaulle comes to us fresh from his visit to Normandy. What emotion he must have felt as he set foot once more on the soil of France! What a thrill of pride was felt in many Canadain homes when we learned that the first troops he met in Normandy were men of Canada's army! It was from Normandy that the first Canadians came to make a new home and found a new nation in the new world. We rejoice that Canada's fighting men are helping to-day to free the ancestral home of so many of our people.

France is not only the ancestral home of many Canadians; in France are many shrines sacred to all Canadians. The Somme, Arras, Cambrai, Vimy, and a host of scenes of battle a generation ago, are names that will live forever in our history. In fighting for the liberation of France, Canada is fighting for what is truly a part of herself.

Within France a living spirit of resistance has revealed itself in countless acts of heroism and sacrifice. Behind the enemy's lines the French resistance has been undermining German power. Since the landings in Normandy, underground forces have been quick to strike. On all sides there is evidence that in the hearts of the French people there still burns an unquenchable fire of "liberty, equality and fraternity" which no dishonourable betrayal within, or fiendish tortures from without, have been able to extinguish.

In the revival of French military power, inside and outside France, General de Gaulle's role has been of incomparable importance.

In these years of war, we in Canada have sought to do our part to keep alive the flame of French civiliation. We have continued to cherish our admiration for France and all she has meant to freedom. We have never lost our faith that the greatness of France would be restored. The people of Canada are proud to have their part in the memorable events in which the liberation of France is being accomplished.

In thanking you for your visit and in wishing you all that is best in your valorous leadership, I ask you, General de Gaulle, to take back with you an assurance from the Canadian people to the people of France. Tell them that all Canada is united in support of the determination of the allied nations to drive the enemy from the soil of France. Tell them we are not less united in the determination to destroy the power of Germany to terrorize Europe, and to end, once and for all, Germany's capacity to disturb the peace of the world. Tell them that we are with them heart and soul in these days of suffering and sacrifice; and tell them to fight on, for we are confident the day is drawing near when we shall be sharing with them their joys and triumphs in the supreme hour of victory.

Hon. LOUIS S. ST. LAURENT (Minister of Justice) (Translation): Your Excellency, Your Royal Highness, ladies and gentlemen: We are met this morning to extend to General Charles de Gaulle a hearty welcome to Canada. I am proud to associate myself with the right hon. Prime Minister to extend to you, General de Gaulle, a hearty welcome in the name of the government and the people of Canada. We welcome in you the great Frenchman who defends his country, a leader in the fight for world freedom, and a representative of the unconquerable spirit of France.

Here, in the presence of the representative of the crown, are assembled before you the representatives in parliament of the Canadian people. Here also are assembled residents of our capital city. All are proud to honour the man who in the darkest days of this war rallied the forces of Free France, and who to-day is the symbol of the determination of the French nation to restore its freedom and greatness.

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confident the day is drawing near when we shall be sharing with them their joys and triumphs in the supreme hour of victory.

General CHARLES de GAULLE (Translation): The moving welcome that you have accorded me seems to come from a double inspiration. No doubt you wish first of all to testify to the comforting solidarity which unites in the world across frontiers, oceans and continents, the men who fight together for liberty.

No doubt you have also judged it well to show here that France has not been, is not and never will be forgotten.

Well, gentlemen, I wish to say that for France, Canada is a dearer friend than ever.

Certainly the past accounts for a great part of this mutual sympathy. On the one hand your people, who have never been opposed to ours in any historical event; your people, whose men have always opened their minds and their hearts to the ideas and sentiments which have elevated the French spirit your people, in the veins of many of whom flows blood which has come from France, and on the other hand my country which remembers having been the first to carry Christian and European civilization to this immense land, my country which has never ceased to follow and admire the magnificent efforts of your ancestors and of your kinsmen in their struggle to bring about prosperity through the development of the natural resources of the country and to develop the minds of the people intellectually, spiritually and morally in order to create a state of full consciousness of its own valour and in loyalty to the Commonwealth of which it is a part. Your people and my country—may powerful bonds link them throughout time.

Nothing seemed more natural to old France than to see Canadian soldiers struggling on her soil for the same cause in the preceding world war and to bury reverently in her soil those whose heroic memory is symbolized by Vimy.

And let me say here that nothing has seemed more moving to the man who has the honour to speak to you than to have seen the Canadian Corps engaged on the banks of the Liri River in Italy recently side by side with the French army and to find first upon the beaches of Normandy, where they took a foothold at the beginning of the great battle, a fine and brave Canadian regiment.

(Text):

But, ladies and gentlemen, if the past holds so many special reasons why France and Canada should understand one another, I may say confidently that the present has added a great many more! It is in a time of crisis that friendship proves itself. Well, during these difficult years France has passed through many trying days. Submerged by the enemy, stunned by the disaster, betrayed or deceived by those who, having seized the state, did not use either their power or their reputation except to plunge it and maintain it in the shame of debasement, France might for a short time have presented to malevolent or superficial observers the appearance of one of those falls from which a nation does not rise when she has accepted it. But others, better informed because they were more favourable, quickly realized that my country, in the depths of its misery, refused to give up. These understood very soon that the determination, the hope, the spirit of the French people remained firmly at the side of those who refused to lower the flag and who at all costs intended to maintain their country in the camp of liberty.

I will not try to describe what such an enterprise has cost in effort, losses, often bitter disappointments, for the French who in every domain, whether it be in the interior of France or outside the country, have carried on this fierce struggle for independence and for national unity.

But it is my duty to say what comfort and support they have found in Canada, in its government and in its people. The French aviators whom you have trained here; the French forces whom you have helped to arm; the French prisoners whom you have fed and clothed; above all, perhaps, the innumerable French who, in their suffering and their fight, heard the echo of Canadian sympathy, are a witness to this fact.

To-day France is standing upright and united. If the living friendship which she has found everywhere in Canada has contributed to sustain and lift my country during her trials and thus has materially and morally strengthened the coalition of Free Peoples against their bitter enemies, to-day it becomes a very important factor in the task of reorganizing the world which will come out of this terrible war. At present, victory flushes the horizon. We feel in the hearts of the peoples who have united to assure the triumph of right and liberty, a tremendous aspiration towards a better future. For, if so many men and women in a free world have voluntarily suffered, fought, worked, if so many good and brave soldiers have died without a murmur, if so many towns and villages have offered themselves up in sacrifice for our common salvation, it would not be tolerable, it would not even be possible, that from so much death, sacrifice and ruin a greater and better humanity would not emerge.

But, in a world where all intercourse has unceasingly tightened the interdependence of nations at the same time as that of individuals, how is it possible to conceive human progress if not within a system of real international cooperation? For the same reasons that a single war common to all covers the whole of our earth which has become so small, the peace which we will have to make must be a single peace, common to all. For the same reasons that what is being thought, produced, manufactured anywhere in the world has inevitable consequences upon the destiny of the most obscure combatant, thus to-morrow, the condition of man in the world, whatever his race, country or activity, will depend in some measure upon what will be achieved anywhere in the political, economic, social, spiritual, intellectual and moral spheres. In other words, it is impossible to imagine either assured security or solid and lasting progress for any nation or any individual if all nations among themselves, or within each nation, all citizens among themselves, are not willing to consent to work together in normal brotherhood.

France, emerging step by step from her temporary misfortunes, France enlightened by her suffering, France intending no longer to divide, but to unite her passion for progress and traditional wisdom, states herself ready to play her full part in this universal task. She is certain to find, at her side and in agreement with her, all the peoples who know her well—and first among them she will find Canada.

Wednesday, July 12, 1944

The house met at three o'clock

PRIVILEGE

MR. LACOMBE—REFERENCE TO ACTION TAKEN BY THE HOUSE ON JULY 4

Mr. LIGUORI LACOMBE (Laval-Two Mountains): Mr. Speaker, I rise to a question of privilege. I do not intend to question the decision taken by you, sir, and by the house, but my contention is that I am entitled to give this chamber some explanations I was prevented from giving on July 4.

According to the rules of the house, and Bourinot's Parliamentary Procedure, at page 303, this right is given to members, and is set out in these words:

> In the Canadian house, questions of privilege take a wide range, but it may be stated in general terms that they refer to all matters affecting the rights and immunities of the house collectively, or to the position and conduct of members in their representative character.

As reported at page 4514 of *Hansard* this is what occurred:

> Mr. Speaker: Will the hon. member for Beauharnois-Laprairie please be seated.
>
> I have already said to the hon. member for Laval-Two Mountains (Mr. Lacombe) that I would not tolerate any further interruptions of the speech made by the hon. member for Beauharnois-Laprairie. It is apparent that the hon. member does not intend to obey the injunction of the Chair, and I will have to name the hon. member.
>
> I therefore name Liguori Lacombe, member for Laval-Two Mountains.
>
> Mr. Mackenzie (Vancouver Centre): Mr. Speaker, in accordance with the rules of the house—
>
> Mr. Lacombe: I only put a question to my hon. friend.
>
> Mr. Speaker: Order.
>
> Mr. Mackenzie (Vancouver Centre): In accordance with the rules of the house, and in the absence of any explanation by the hon. member, I shall have to move, seconded by the Postmaster General (Mr. Mulock):
>
> "That the hon. member for Laval-Two Mountains, Liguori Lacombe, be suspended from the service of the house for a period of seven days."
>
> Motion agreed to.
>
> Mr. Speaker: I would ask the sergeant-at-arms to remove the hon. gentleman.

I did not then have the opportunity of availing myself of my right to give the house some explanation. I quote from page 367 of Bourinot:

> In case, however, a member persists in unparliamentary conduct, the Speaker will be compelled to name him, and submit his conduct to the judgment of the house, in accordance with a very old rule. . . .
>
> In such case the member whose conduct is in question should explain and withdraw, and it will be for the house to consider what course to pursue in reference to him. If the house consider the explanation sufficient, it will be proper for a member to make a motion to that effect, which will be adopted and duly recorded.

And at page 368:

> The house in all cases should give every proper opportunity to an offending member to make such a defence as may satisfy the house and avoid a reprimand.

As will appear from the reference to *Hansard* which I have just mentioned, the procedure indicated by Bourinot has not been followed. That is why my privilege as a private member of this house has been infringed.

WAYS AND MEANS

INCOME WAR TAX ACT

The house in committee of ways and means, Mr. Bradette in the chair.

Resolved, that it is expedient to amend the Income War Tax Act and to provide:

1. That for 1944 the total tax on individuals be reduced by one-half the amount of the refundable portion thereof, less one-half credits

for savings, and that for 1945 the total tax on individuals be reduced by the full amount of the refundable portion thereof, less credits for savings.

Mr. BENCE: I should like to express my personal regret that the administration has seen fit to take this step. In the budget debate of 1941, I pointed out that we should have some type of compulsory savings in war time, when so much of our income is required for war purposes and when expenditures should be reduced to the minimum. I indicated that one of the best methods of obtaining this money—and it has been so obtained in the last two years—was through a compulsory savings tax. It is elementary to point out that at a time when we must curtail our expenditures so as to make available large sums of money for war purposes, we should either through taxation or through compulsory savings or otherwise take as much money as possible from the people of the country. I advocated this principle two years ago, and felt at that time that for those in the lower income tax brackets we should make the tax as light as possible, in order that the people might be enabled in the future to enjoy the benefits of the extra time and effort they were devoting in such great measure to war production.

It is most important in the post-war period that there be purchasing power in the hands of the people, particularly the small or common people, if I may so describe them. Under the present system of persuading them to purchase victory bonds and war savings certificates we will obtain a certain amount of money; but certainly the more equitable plan was that of compulsory savings.

I am sure the administration will regret very much having taken this step. If they had approached the task in a more vigorous and forceful manner, perhaps as is done in connection with victory loan and war savings campaigns, they would have given the people a more complete understanding of the full value and meaning of compulsory savings. The minister would have been far better off had he reduced the tax in the lower income tax brackets and retained this feature of compulsory savings to serve as a cushion in the transition from war to a peace-time economy. We would have placed in the hands of people who normally do not save very much a considerable amount of purchasing power, as against the present tendency of concentrating that purchasing power in the hands of fewer and fewer individuals. I regret very much indeed that the minister has seen fit to cancel this provision, which was in force for two years.

Mr. COLDWELL: May I add my voice to that of the hon. member for Saskatoon City.

[Mr. Lacombe.]

I am sorry that the government has not seen fit to accept a suggestion which was perhaps even a little more sweeping, that instead of removing the savings feature in the lower income tax brackets we remove the tax and keep that savings feature. I agree with the hon. member that had we done that we would have collected the same amount of money, and placed in the hands of the people after the war some very much needed purchasing power.

When I read what some of the economists, analysts, and forecasters are saying with respect to the future, as to the possibility of a boom and then a depression, I realize it is essential that ways and means be found to increase the purchasing power of the people in the post-war period, and particularly to encourage persons who are able to do so to prepare for that time.

I know that at this stage it is of little use to make the suggestion I have made, and I do not purpose spending a great amount of time in the discussion. I am sorry we have not done this, because the same amount of money would come into the hands of the government; and then in the post-war period these people in the low income tax brackets, who to-day are feeling the incidence of taxation perhaps as very few other groups in the community are feeling it, would have had some purchasing power with which to buy the things they need and at the same time promote the industry of the country.

As time goes by the government will probably see the wisdom of a proposal of this kind. As I said before, it would not reduce the amount of money the government would have in hand, nor would it allow any more expansion of purchasing power than is proposed in the budget. These suggestions would have been all to the good, had they been followed.

Mr. HANSON (York-Sunbury): As the hon. member for Saskatoon City has pointed out, the principle of compulsory savings was advocated from this side of the house, and was accepted by the government on the theory that it would prevent inflation, add to the war revenues of the nation, and create a backlog for the citizens of the country in the days to follow the war. I thought the principle was sound, and I still think so. But I am bound to say that the reaction in the country was not nearly as favourable as I had hoped. Particularly among the older ranks of our citizens, there was an astonishing measure of resistance. A person over sixty-five years of age who was compelled to pay this compulsory saving tax took the view, rightly or wrongly, that he would never see

his money again, and that probably he would be dead before any refund was made. That was the type of resistance offered against the tax.

Nevertheless the government has determined on the measure now before the committee, one which will bring relief to two classes. I referred to this matter in the remarks I made in the debate on the budget. Those in the lower brackets, who had to make compulsory savings, felt they could ill afford to do so, having regard to the enforced deductions from their purchasing power through an already depleted pay cheque. I would like to read to the committee a letter I received only the day before yesterday, commending the amendment to the budget offered by the official opposition with respect to proposed elevations in the exemptions. That amendment was defeated in the house yesterday. I shall not take time to read the letter, but shall be content to say that it was symptomatic of many communications I have received. I fancy that many of those in the lower income tax brackets who had to pay this compulsory savings did not have compensating factors such as mortgage payments or life insurance payments that those in the higher brackets may have had. The departmental administration will know much better than I whether that is so or not. I always had the idea that the compulsory savings provision bore more harshly on those in the lower brackets than it did on those in the higher, but I may be wrong about that. I should like the minister to tell us concretely what the loss will be in the six months from July 1 to the end of 1944, on this year's figures as far as they are available, and what the loss will be in a full year.

There is a suggestion I want to make, which I have communicated to the minister and to the Department of National Revenue. As I understand the law, these compulsory savings are not assignable by the taxpayer to anyone. I assume that was to prevent the trafficking in these savings certificates, if I may so term them, and I think that is proper. If they were assignable and money could be lent upon them, I can see the possibilities of a grave evil being carried on by speculators and otherwise who would buy them up at greatly reduced values. I am not suggesting that they be assignable for any commercial purpose, but a husband ought to be able to assign his compulsory savings to his wife, and the wife ought to be able to assign hers to her husband, or either or both ought to be able to assign savings to a dependent. This would not give the right of cashing in the savings. I can see a good deal of virtue in the suggestion and I realize also that there may be administrative difficulties in the way. I am not suggesting that these assignees should be able to anticipate payment, but a husband ought to be able to assign to his wife as a gift. It would not be operative as a gift at the time, but it would become a gift in fact after his death or upon the maturity of the term.

Mr. CRUICKSHANK: My wife gets my money now.

Mr. HANSON (York-Sunbury): I know there are some men who have the habit of allowing their wives to go through their pocketbooks every day, but I have never allowed my wife to do that. I am serious about this because I believe it is a constructive suggestion. I ask the minister and his officials to give serious consideration to these suggestions. I do not think there is an insuperable difficulty in the way. Take a man who had possibly $800 accumulated over a period of time. It might be that that is his only estate, and probate would have to be taken with all the accompanying expenses in order to get the government to release the money. If the compulsory savings were assigned to his wife or his issue they would automatically be paid in a proper case. I suggest that to the department in great seriousness.

I do not suggest that it ought to be anticipated in any way or that it could be assigned for collateral purposes. However, the government are now allowing the twenty per cent refundable taxes paid under the excess profits tax to be assigned in a given case as collateral for loans in anticipation of capital expenditures by industrialists in the post-war period for the purposes of providing employment. But in this case the husband ought to be allowed to assign to his wife, especially a man in advanced years who may not live to see the payments come due. This should apply also in the case of the wife. Then it should be extended to take care of dependents.

I offer this suggestion in good faith to the minister. It has come to me from a man who thinks seriously about these taxation problems. He is far removed from political considerations in this country, but he wants to see the law ameliorated as far as possible in the interests of the taxpayer, who after all is more or less the forgotten man in this country.

While I am speaking about the forgotten man, I wonder if you will consider it relevant, sir, if I take this opportunity to say a word on behalf of a group of taxpayers in this country who are indeed forgotten men,

namely, the private members of parliament. I hope I shall be allowed to say what I want to say on the theory that I have no particular axe to grind. It does not make much difference to me whether the indemnity is $4,000 or $5,000; I am in the red now so far as indemnity is concerned, and I have been living on capital ever since this war started. But that is not the case with a large number of members of this house. For some reason, whether it is modesty or humility or fear or what-not, private members of parliament seem loath to get up and tell the country their exact position.

I can best illustrate the position of the private member by referring to my own case. As a private member I receive $4,000 indemnity if I do not lose too many days. If I lose more than fifteen days I am penalized to the extent of $25 a day. During last session, as well as this session, I was not able to be here every day, and I may be penalized. However, we will leave that out of consideration. According to the records I have established, the government deducts at the source from my indemnity cheque a total of $1,480 per year because I am treated as a single man without dependents. I have lived in Ottawa a good many years, and I think it is the desire of my constituents that I should live in a proper state, a state becoming a member of parliament representing one of the finest constituencies in Canada. I can honestly tell this house and the country—I am not making any plea on behalf of myself—that it cost me $10 a day to live in Ottawa, including gratuities. With a session lasting 180 days that means $1,800. If you do a quick sum in mental arithmetic, that $1,800 plus the $1,480 makes $3,280 to be taken out of my sessional indemnity.

I like to go home once in a while and I have to travel overnight. I am getting so old now that I like to have a compartment, and I cannot go home and back under $25 for the round trip. If I do that twice a month it means $50, and six times $50 amounts to $300. How much is there left from my sessional indemnity?

Mr. SLAGHT: Do you like to visit your constituents occasionally?

Mr. HANSON (York-Sunbury): Absolutely, and I like to go home and see the wee wife once in a while. I am putting this forward as an actual case. I know there must be many hon. members who have not a backlog upon which to draw to support themselves in the position in which a member of parliament ought to support himself.

Mr. MACKENZIE (Vancouver Centre): Ninety per cent.

[Mr. R. B. Hanson.]

Mr. HANSON (York-Sunbury): I assume it is ninety per cent. No one has asked me to make this speech, but I did feel that in justice to the members of this house the country should know something of their plight. How do they treat their members down in the United States?

An hon. MEMBER: Some of us have to keep up two establishments.

Mr. HANSON (York-Sunbury): I have to keep up two homes, one here and one in Fredericton.

Mr. FRASER (Peterborough West): And what about the extra income tax they take off that?

Mr. CRUICKSHANK: Leave him alone. He is making a good job of it.

Mr. HANSON (York-Sunbury): I have taken some trouble to ascertain what the position is in the United States. The senators and members of the United States Congress get a yearly salary of $10,000. I suppose that is subject to income tax, I do not know; I am taking it for granted that it is. In addition, each member of the senate and house of representatives gets free postage and free telegraph service. We get free postage under certain conditions here, but certainly my telegraph bill is substantial. When I had the honour of leading the opposition for three sessions the telegraph bill and the telephone tolls which I had to pay out of my indemnity grew to such proportions that I suggested to officials of the house and to my friend the finance minister that as I was an official of parliament the government should pay the telegraph and telephone tolls, which they did, and for which I thank them. But as a private member I get no such consideration, and I am not at the moment arguing for that here.

Mr. McGEER: Did they pay them for the C.C.F. too?

Mr. HANSON (York-Sunbury): I do not know. You will have to ask them yourself. I am not in their confidence.

In addition, the members of the United States Congress get travelling expenses to Washington and back home. Of course we have a certificate of membership in this house which carries the members free on the railways. The members of the United States Congress also get a grant for stationery and supplies, and for clerical help—and I want the members to listen to this—for clerical help a member of the house of representatives gets $6,500 a year and the senators $15,120 a year.

Mr. ADAMSON: Free of income tax.

Mr. HANSON (York-Sunbury): All those items are free of income tax. The duties of a member of the United States senate and of the members of the house of representatives may be heavier and take up more months of the year than do the duties of members of the House of Commons here. Nevertheless we are here for six months every year, and I can remember when it used to be only three months. I can recall having made a sporting offer to my friend the Prime Minister in the early 1920's that if he would limit the session to two months I should be glad to serve for $2,000 a year, and if for three months I would be glad to serve for $3,000 a year. It would have paid me in those days to take much less if I could have been freed from attendance in Ottawa.

The disparity between what is paid by our rich neighbours to the south to the members of congress and what is paid to members of parliament in Canada is so glaring that I thought I ought to call attention to it. The country ought to understand what the situation is, and I invite hon. members, if they will, those who are feeling the pinch of this situation, to get up in their places and fearlessly tell the country just what their financial position is having regard to the extremely heavy income tax imposed upon their indemnities, which they have accepted without a murmur so far as I know because of the exigencies of war.

Let me say this as a tribute to my fellow members of this house, that taking them by and large there is no more patriotic group of citizens in Canada than the membership of the House of Commons. We may differ about principles and practice, about what we should do and would do in a given case, but there is not a man in this house who does not want to see this war won and won as quickly as possible, and who would not give his last red cent if he could help win this war one day quicker. The country ought to understand that.

In addition, in the United States if a member of congress takes ill, if he has to have his tonsils or his adenoids out or be operated on for appendicitis, he is sent to a government hospital free of charge and gets the best medical care and nursing in the United States, all free of charge, all at the expense of the taxpayer. I am not suggesting that we have that here, although I would like to see the government of this country do something for the health of the members of this house by reconditioning the air in this chamber. That would be a very fine gesture that we could make, and I commend it to my friend the Minister of Public Works (Mr. Fournier) if he is here and is receptive, or to his successor whoever he may be, and I have no idea who that will be. There is no specific authorization for this free medical treatment at Washington, but it is a custom of long standing, and that is something to be taken into consideration, because it costs money to be ill in Ottawa. I know that from personal experience. It costs a lot to die here in Ottawa, too. I do not suppose any of us has had that experience, but if you want to find out about it, you had better inquire at some of the undertaking establishments and see what it will cost to be outfitted to be sent home.

An hon. MEMBER: You are not going to die here!

Mr. HANSON (York-Sunbury): Not if I can help it. I am serious about this matter. I commend the situation to the members of the administration, and I do not want them to say: Oh, this is a most inopportune and inappropriate time to bring this matter up. It is brought up only because the matter has come to a head.

I will go a good deal further. I will say that it is a perfect disgrace to Canada, the meagre salaries she pays to certain public servants of this country. When you consider that the salaries of the Prime Minister and of the chief justice of this country are only $15,000 a year, and that you are paying many men I have no doubt down in the Bank of Canada a good deal more than $15,000 a year—

Mr. McGEER: What for?

Mr. HANSON (York-Sunbury): The member for Vancouver-Burrard asks what for. I suppose I could counter by saying, to counteract the member for Vancouver-Burrard.

It is nothing less than a scandal that the Prime Minister should receive only $15,000 a year—and that is subject to income tax. True, he also gets the $4,000 indemnity and an allowance for motor car, which he more than spends. The salary of a cabinet minister under the present income tax rates is wholly inadequate. I asked one of my friends in the cabinet how much net he had after he had paid his income tax. I am not going to name him, but he told me that it was less than $7,000 a year, and he had to to live on that as a cabinet minister should. You just cannot do it, keep up the position on that salary in the manner that custom, usage and everything else demand. I commend to the members of the treasury benches a serious consideration of the plight of the private member.

You may say that this is no time to do anything about it when everybody else is making sacrifices. I say that there is no other class

in Canada which is making sacrifice of time and of ability and of capability and of money comparable to the sacrifices made by members of this Canadian House of Commons. I stand by that statement, notwithstanding the criticism that I expect may come to me from certain portions of the public press. I am willing to take whatever criticism comes to me. I can justify the plea I am making on behalf of the private members of this house and on behalf of the cabinet ministers of this country.

I suggest to the members of this house that if they approve the lead I have endeavoured to give them in a wholly non-partisan way, they frankly tell the house and the people of this country what their plight is. The hon. member for Macleod (Mr. Hansell), who is not in his seat, has had something to say on this matter in days gone by. I am sure the thinking people of this country will react properly to a suggestion that some measure of relief be granted to members of parliament, because they know that a professional man cannot leave his business for six months in the year and come down here to Ottawa and perform his duties as a member of parliament without seriously affecting his professional income. A medical man, for instance, might just as well fold up his practice. I am sure that the medical men in this house will bear me out. How much money can a practising lawyer earn at the bar and attend to his duties as a member of parliament? Yet lawyers as a class are sent here in greater numbers than men of any other vocation, because they are expected to have—and have, I assert with great confidence—capabilities and abilities which commend themselves to their constituents who send them here to help make the laws of this country.

I appeal to the Minister of Finance to do something, not for himself but for the common members of this house. They are the people who are suffering most; and I think it is time that somebody stood up in his place in this house and said what I have tried to say, however inadequately I have said it.

Mr. COLDWELL: I think that this might easily become a political issue—

Mr. HANSON (York-Sunbury): I hope not.

Mr. COLDWELL: —if one group alone expressed the opinion which has been expressed by the hon. member for York-Sunbury (Mr. Hanson). Consequently I am rising to say that I agree with what the hon. member for York-Sunbury has said. I know what the position of the private member of this house is. Not all of us are required, perhaps, to live on the standard which the hon. member for York-Sunbury as a former cabinet minister is required to maintain in this city; but I think that every one of us fully realizes the position in which private members have been placed during the last two or three years. There have been no complaints on the floor of this parliament. There have been discussions—I have heard them—among members in groups. I have even heard some hon. members say that if this condition were to continue they would have to withdraw from the house when the next election comes. I know too that many hon. members during the past two or three years have been compelled to exist—and I use advisedly the word "exist"—upon the savings of former days, if they have any. I know hon. members who have had to forgo their life insurance, who have exhausted their savings, and have had to do a number of other things which ought not to be expected of the membership of this house.

We are all mindful of the situation in which the rest of the country finds itself at this time, and the necessity for doing everything we can financially in order to win this war. But there is a time when public service should be recognized and when, if it is not recognized, some of the men best equipped to carry on the duties of a member of parliament—

Mrs. NIELSEN: And women.

Mr. COLDWELL: —and women, yes—will be compelled by force of circumstances to withdraw from that service.

As I have said, I rise because I feel that a statement of this kind emanating from only one group in this house might be misconstrued, that the outspoken remarks of the hon. member for York-Sunbury might be used by some as a political weapon; and so far as I am personally concerned I would not under any circumstances allow that to be done. I endorse the plea which has been made by the hon. member for York-Sunbury, a plea which perhaps ought to have been made in this chamber long ago; which, perhaps, because of his own personal circumstances he was in a better position to make than some other hon. members. I appreciate what he has said, and congratulate him upon the courage he has shown in saying it.

Mr. SLAGHT: I concur in everything that has been said by the hon. member for York-Sunbury (Mr. Hanson) and the hon. member for Rosetown-Biggar (Mr. Coldwell). I do not speak from a personal standpoint.

I do not propose to reiterate any of the considerations which they put forward so carefully and, I believe, so conservatively, but I want to refer to three factors which have not

been touched on, and then to make a suggestion to the Minister of Finance and his advisers.

My first consideration is that it is, in my view, the duty of a member, in so far as he can do so between sessions, to travel about into all parts and corners of his riding. In city ridings that is not such a task as far as out-of-pocket expense is concerned. In the rural ridings it is different. I am not thinking of myself as suffering in this matter, but in my riding, which extends 150 miles one way and 100 miles the other way, there are many portions which are not accessible by railways or boats, so that you can travel there only by motor car; and in order to perform this very important duty of a member of parliament, to learn at first hand what our people are thinking in order that we may better serve them, there is a substantial cash out-of-pocket outlay, which is made in honestly earning our indemnity. That is one point.

My second point is this. Frankly I believe —and I speak of this matter entirely of my own volition—from informal discussion, that some hon. members are going to find it necessary to retire from public life because they can no longer do their duty to their families or sustain their home obligations if they continue to serve in this parliament. It seeems to me that as we progress we should make service in this house ever more possible for men of integrity and ability occupying the humbler roles in life where they are not blessed with incomes that provide any backlog, where they have not been able to accumulate any savings, and perhaps have a mortgage on their home and are to some extent in honest debt. Our present system with the existing tax burden encourages the well-to-do and even the wealthy man to come to parliament, while to some extent discouraging the common man or the relatively poor man from seeking to find a place in this chamber. There is no one but will agree that that is all wrong, if my diagnosis of the situation is correct.

One other factor. We know that the younger men, from the very nature of the struggle for life, have not been able to provide a reserve of savings, or backlog, as it has been called, to the same extent as older men have been able to do. As one of the members of this house who in years, at least, although I hope not in all respects, must be reckoned among the older men, I recognize that this is more and more becoming a young man's day so far as public life is concerned. That is as it ought to be. It is becoming more and more so in the mother country and in our sister commonwealth nations of Australia and New Zealand. In the parliaments of those two commonwealths, as far as years recorded on the calendar are concerned, the average is a greater number of younger members than in the Canadian house. These are three points that are worth keeping in mind.

I have a suggestion to make to the minister, and he and his advisers will know whether it can be acted upon or not. If it can, then if there is the courage—well, it is not a matter of courage; it should be the duty of the government to bring it to pass at this session, if they can. If they can properly do it in this way I think the country will be content with it. The suggestion is this. Why should we not divide the present amount—not increase it but divide it—in a fair manner as between what may be regarded as remuneration and what may be regarded as expenses, the latter being an amount to cover the necessary out-of-pocket cash one has to spend. If that were fixed at say $1,500 or $2,000, leaving the balance of either $2,500 or $2,000 as supposed remuneration, only that sum would then be subject to taxation. I leave that with the minister as a modus operandi, if he and the treasury board and the administration believe that this is a matter that ought to be corrected for the reasons that have been placed before the committee this afternoon.

Mr. QUELCH: The member for MacLeod (Mr. Hansell) spoke on this question on a previous occasion and therefore I will not take up much time discussing it. I could never understand why a member of parliament should be the one individual to pay income tax on his gross income instead of being allowed to charge legitimate expenses against it.

Mr. GIBSON: All gross income is taxed on salary income.

Mr. QUELCH: But you are allowed to charge expenses against it.

Mr. GIBSON: Not on salaries.

Mr. COLDWELL: This is not a salary, surely.

Mr. HANSON (York-Sunbury): They have made it a salary by the income tax law.

Mr. QUELCH: Another interesting point is this. If the government thinks that is the right stand to take, why should it not be consistent and deal with cabinet ministers in the same way? Why should the government exempt from taxation expenses on account of cabinet ministers' cars? We have a right to expect cabinet ministers to pay a

tax on car expenditures. It does not look well to the people to give a special deal to cabinet ministers in that regard. However, the member for Macleod has already dealt with the matter at some length and I do not want to take up the time of the house discussing it now.

Coming to the resolution before the Chair, I am sorry the government has seen fit to introduce this provision. One of the questions of major importance before the country is that of ways and means by which production of goods and services can be maintained at the highest level, and no matter how the government may raise revenue, or how much they may raise, unless production can be maintained at its highest level the war effort is bound to suffer. No one will deny that the heavy taxation of low incomes has in many ways been a detriment to the war effort, a detriment to production. It has meant an increase in absenteeism. I believe the Minister of National Revenue has denied this, but I know it to be a fact. Workers have received cheques and found that when they have been absent one or two days the cheque is larger than when they have worked their full time. The minister has denied this, but I have seen cheques showing this to be the case. Possibly at the end of the year it will be rectified, but at the time the cheque is received the worker finds that after an absence of one or two days his cheque is larger than when he was not absent at all, and that causes workers to be slack. The wiping out of the compulsory savings will not rectify that situation. As a matter of fact, I think the policy of the government should be the opposite. All money obtained by taxation from people in the low income brackets should be credited as savings and the tax wiped out. There are many reasons for this. First of all, it would help to maintain efficient production; secondly it would result in a more equitable distribution of the debt claims against the nation; and thirdly it would help to maintain effective demand after the war. It would build up a large pool of purchasing power in the hands of the very people who will need it most at the conclusion of hostilities. These are three grounds that should be given careful consideration in introducing a change of policy of this kind.

There is no doubt the people of the country are greatly perturbed by the size of the national debt, and perhaps it is a healthy sign that this is so. The people remember that during the depression years they were told by prominent bank managers that one of the main causes of the depression was the war debt. They remember that the debt was only 3½ billions, whereas to-day the direct funded debt is in the neighbourhood of 10½ billions. The minister has pointed out that the position has completely changed to-day; that the national income has more than doubled although the debt has increased three times. But the minister must realize that there is no guarantee that the national income will be maintained at that figure after the war. We hope it will be, but we notice in the financial papers statements to the effect that it is nonsense to expect the national income to be maintained at the present figure after the war, and that of course is having a bad effect upon the minds of the people. We have no real reason to believe that it will be maintained at that figure. During the war the government has proclaimed that no financial restrictions will be allowed to impede the war effort. Why should they not make a similar declaration with regard to the peace-time period? If the government would declare that the same financial policy will be maintained, so far as the amount of money required to maintain a maximum post-war effort is concerned, a great deal of the fear in the minds of the people would be removed. The government should definitely state to-day that no financial restrictions will be allowed to impede the post-war effort, and we should be given assurance that the national income would be maintained at the present figure. But if the national income is to fall after the war, unfortunately the national debt will not fall with it. While the national income may decrease, the national debt will steadily increase, and of course the burden of servicing that debt will be far heavier than it is to-day.

The minister has also emphasized the fact that the debt is owned internally and that we have a very wide distribution of debt claims. While it is true that we have a wide distribution of debt claims, nevertheless, generally speaking, it is the small bonds that are widely distributed, while the large bonds are held in the hands of comparatively speaking a few people. And of course the bond sales that have been carried out further aggravate the situation. I quoted once before the figures for the third and fourth victory loans, and the same is true of the more recent ones. One-third of one per cent of the subscribers to the loan purchased sixty per cent of the total loan. While it may be argued that among the large subscribers we have insurance companies, nevertheless the fact remains that most of the people who are unable to buy bonds are the same people who are unable to buy life insurance, and that does not help matters. The situation is still further deteriorating owing to the fact that many people have to

liquidate their bonds. It is all very well for the minister to say that the sale of bonds is voluntary. He knows that in many instances the purchase of bonds is compulsory, because it is all a man's job is worth to refuse to buy bonds in certain plants. If he refuses he may lose his job. Instances have been called to my attention to show that the purchase of bonds is not altogether voluntary. Now what happens? These people buy bonds on the instalment plan and on the date on which the final payment is made they look upon the bond as money and spend it the minute they get it. That happens in many instances.

The minister made a very peculiar argument yesterday when he said he did not think there was any great danger of large accumulations of bonds after the war because, owing to the heavy taxation, if people started buying bonds in large amounts they would have to pay such a high tax on the interest they received. If they invest their money in any concern they will have to pay a tax on the interest they receive. In other words the minister suggests that people will have to stop investing money, because otherwise they will have to pay taxes on the income. That does not apply to bonds any more than to investments of other kinds.

Mr. ILSLEY: There is a big difference between the situation now and the situation at the end of the last war, when income tax was payable on income from other securities but not on the income from victory bonds.

Mr. QUELCH: That is true. That is the only way it makes any difference. But the minister also said if people purchased bonds they would have to pay such a high tax that practically all the interest on the bonds would be paid in taxation. That is true of every investment; therefore it will not stop people from buying bonds. As a matter of fact when they find taxation very heavy and as a consequence their incomes small they will seek the safest possible investment for their money in order to safeguard it, and as a result will be more likely to invest it in bonds than in anything else. The minister's own argument proves that after the war there will be a tendency towards heavy investment in bonds.

Mr. ILSLEY: My whole argument was that there would not be the same tendency as there was after the last war.

Mr. QUELCH: But the minister did mention the two things, the matter of taxfree bonds and also the fact that the income from bonds would be taxed. I can read his statement if it is desired, for I do not want to misinterpret what he has said. To-day it is very hard to know just what the situation is in regard to the holdings of bonds throughout the country, as I am sure the minister will agree. I refer to this fact for the simple reason that there have been so many sales of bonds that might be called fake sales. Sales have been faked time and again, until now we do not know whether a sale is genuine or not. I want to read a letter I received from a prominent Toronto business man in regard to this matter:

> In the second last victory loan campaign a special names canvasser called on me and asked what I was prepared to take, and I told him. He immediately suggested that I treble this, and proceeded to give me a high pressure talk to the effect that the bank would lend me the money at the same rate of interest as the bonds carried for a certain period of time, and then, if necessary, at the end of that period the bank would take over all or any part of the excess.
>
> I deliberately let him ramble on, and then I said, "Listen, buddy, if the bank can manufacture money to lend to me to buy bonds, then the bank can manufacture the money, buy the bonds themselves and leave me out of the picture."
>
> To my amazement he promptly answered "right", and then proceeded to divert the conversation and make out the application for what I had said I would take.
>
> This same chap called on me again a few weeks ago—an awfully decent chap, by the way—and in the course of conversation he frankly admitted to me that his bank manager had persuaded him to sign up for $20,000 of this last loan, on the definite understanding that the bank would lend him the money at the same rate of interest as the bonds carry for a period of six months, and that the bank would then take over the bonds in entirety. He was very frank in admitting that the whole thing was rotten camouflage.

Just as long as practices of that kind are permitted we can understand that there is never any danger of a victory loan not being subscribed in full. If the banks are willing to advance money for the purchase of bonds on the definite understanding that within a certain period of time they will take over the bonds, it becomes simply a question of how much money the banks are prepared to create and lend.

Mr. ILSLEY: Those practices are discouraged by the national war finance committee, and I do not think they are widespread.

Mr. QUELCH: Why should they be permitted at all? They defeat the very purpose the minister is trying to accomplish in selling bonds. One of the main purposes is to curtail spending. If we are going to allow the banks to create money with which to buy bonds we are not curtailing the spending of the people; we are increasing the amount of money in circulation.

Mr. ILSLEY: I join with the hon. gentleman in absolutely condemning that practice; I say it is discouraged by the national war finance committee, and I do not think it is widespread. The hon. gentleman asks why it is not prohibited. Is he suggesting that it be made a criminal offence, or something like that?

Mr. QUELCH: No, I do not suggest that, but we are having victory loans fairly often, and the sale of war savings certificates goes on continuously. I do not see that anything is gained by a man borrowing money with which to buy a bond. If he has not the money with which to buy the bond let him wait until the next loan comes along, and buy his bond then. Why should you urge the banks to lend people money with which to buy bonds? Let these bonds be purchased entirely out of savings and prohibit the banks from lending money for the purchase of bonds at all. Otherwise it gives an entirely false picture of the situation. If we had only one sale of bonds a year, or one every two years, I could appreciate the need for that, but when we have a loan every six months—and as a matter of fact people can go into the open market and buy them in between loans—what is to be gained by borrowing money for the purchase of bonds? They can just as well wait until the next loan.

Mr. ILSLEY: Many people are more likely to save money in that way, by paying back the loan out of current earnings.

Mr. QUELCH: I do not know if that is the actual experience, but I do know many people have borrowed money to buy bonds and they are not paying back that money. They say the banks are not in a hurry for it, and they let it go, at least for six months. I suppose after six months the rate of interest they have to pay on the borrowed money becomes greater than the rate of interest they receive on the bond and after that they may try to pay it back or let the bank have the bond.

I agree with the minister when he says that the internal debt is not harmful provided it is equitably distributed. Unfortunately we have not that equitable distribution. If we had; if everyone owned a proportionate share of the national debt and people had to be taxed to pay their own interest, we could wipe out the debt, which would be a very pleasant situation. But our policies to-day are not even making an approach to that situation. In view of that fact we must consider very carefully the danger of increasing the debt at the present rate. Our debt will continue to increase, not only during the war but after the war. At no time in our history has the public debt of this nation ever decreased. We hear people refer to the years from 1924 to 1931, when we had a balanced budget. It is true that we had a balanced budget during that period and that the national debt decreased. On the other hand the provincial debt greatly increased, so we came out of that period with an increase in the total public debt amounting to some $250,000,000. In other words we decreased the national debt by around $250,000,000 and increased the provincial debt by about $500,000,000, so that we still had an increase of some $250,000,000 in the public debt. Of course I agree that if we are bound to have an increase in the public debt it is far better to have that increase in the national debt than in the provincial debt, because it is so much easier for the federal government to finance the debt than for the provinces to do so.

Doctor James, former chairman of advisory committee on reconstruction, has stated that in his opinion we should adopt an entirely new budget philosophy; that we should have a balanced budget for current expenses and revenues, but that as far as capital expenditures are concerned we should have a long-term budget. He said we should be prepared to see the debt increase probably every year for the next hundred years. I do not know why he stopped at one hundred years, because if the debt is going to increase every year for that length of time that process will go on forever. If the national debt is going to increase year by year I think the minister will agree that it becomes even more important to see that the debt is distributed just as equitably as possible. That is one reason why I am opposed to doing away with the compulsory savings. I am surprised at that statement by the chairman of the advisory committee on reconstruction, because the minister gave the house a totally different picture last year. He was asked what provision was being made to pay the national debt. Another question was:

If present policy is continued, can this debt ever be repaid?

The minister's reply was that the debt could be repaid under the present policy. I would certainly like the minister to explain to us how the national debt is ever going to be paid under the present policy. I do not mean refunded; I mean paid, because refunding the debt is not paying it. I will quote what the minister said in reply to the first question:

In the budget speech delivered in the House of Commons on February 25, 1937, the Minister

of Finance, in referring to an issue of perpetual bonds, stated "It was intended as the initial step in a programme which is designed to provide for the consolidation and simplification of our public debt structure. Another purpose which we had in mind was to facilitate the setting up, as soon as the condition of our national finances make it practicable, of a general sinking fund to provide for the gradual amortization of our long-term debt on scientific lines."

During the war period and for some years before the dominion government has been operating at a deficit and it has not been possible to provide for the paying off of indebtedness out of revenue. However the government plans in this respect will be made known at the appropriate time.

That was a year ago. Surely by now the government can tell us what the plans are for paying off this debt which, it states, can be paid under its present policy. The amazing thing is that ever since confederation we have expanded our debt. Doctor James says it will probably increase every year for the next hundred years, while at the same time the minister says that under the present policy we will pay it off. The minister should indicate by what miracle or wizardry he proposes to pay off the national debt.

Mr. HANSON (York-Sunbury): Did he say "pay it"? Did he not say we could carry it?

Mr. QUELCH: No, not "carry it", at all. Here is the question: "If the present policy is continued, can this debt ever be repaid?" and the reply is "Yes"—just the one word, yes. I say we should have a reply.

Mr. ILSLEY: Was that question put on the order paper?

Mr. QUELCH: This is sessional paper No. 377, tabled June 7, 1943. It stated that in due time the government would announce its policy in this regard. That is over a year ago, and I say that by now we should have that announcement.

Mr. SLAGHT: Whose answer is that?

Mr. QUELCH: It is the answer of the Minister of Finance.

Mr. ILSLEY: Do I understand it was a question put on the order paper?

Mr. QUELCH: Yes, and a reply tabled in the house on June 7, 1943.

Mr. McGEER: But you can always pay debts.

Mr. QUELCH: Yes, by refunding; but that is not paying off the national debt so far as the country is concerned. We want to know how the national debt can be liquidated. The process of refunding is just transferring the claim against the nation to some other body.

Mr. SLAGHT: That is the way Micawber paid.

Mr. QUELCH: Another thing that puzzles me is that the minister should quote and use the words of a former minister of finance, Mr. Dunning, because if there is one man in this country whose policies have been discredited, it is the Hon. Charles Dunning.

Mr. HANSON (York-Sunbury): Oh, oh.

Mr. QUELCH: Someone laughs. But just let him go through the years 1935 to 1939, when we were told time and again we could not put the unemployed to work because there was no money, and that the only money available was the money received from taxation. Yet within six weeks after this war started, $200,000,000 was created for the government by the chartered banks, and in the past year $900,000,000 by the chartered banks and the Bank of Canada.

Mr. HANSON (York-Sunbury): I was not laughing at the hon. member, because to some extent I am in agreement with what he said about Mr. Dunning.

Mr. QUELCH: Well, I am glad we can agree on that point.

Mr. McGEER: And the same applied to Mr. Bennett and Mr. Rhodes.

Mr. HANSON (York-Sunbury): Well, that may be.

Mr. QUELCH: It was Mr. Dunning who was quoted in this return, and I am wondering why the minister should quote Mr. Dunning to-day, when the memories of those days are still so fresh in the minds of hon. members.

To come back to the resolution, I would favour wiping out all taxation on people in lower income tax brackets—that is, on those with incomes of $1,000 if single, and $1,500 if married. That is, the amount obtained from those people to-day by methods of taxation could be credited to them as savings, and the tax structure on incomes above that would have to be changed so as to have a fair relationship between pure taxation and compulsory savings. That would be necessary, because the minister said that if we eliminated the tax in the lower income brackets, those in the higher brackets would also benefit. That would very well be taken care of by changing the tax structure in regard to the higher incomes.

I would like to see a far wider application of this whole principle. I would like to see all money that has to be taken out of circulation, in order to prevent inflation, removed by a process of taxation; and then the money obtained from the people in the low income

brackets by that method could be placed to their credit in the chartered banks and frozen there until after the war. No debt would be incurred, because it would not be a case of the government borrowing their money. That is, the money would be placed at their deposit in the chartered banks, and frozen there for the duration of the war, or for as many months after the war as might be considered necessary, to prevent inflation. Then as the government wished to expand the purchasing power of the people it could release so much of that frozen money at a time as necessary. By this method the government would greatly curtail the expansion of debt. No interest would be paid, and it would be creating a large pool of purchasing power.

We have been told to-day by the minister, and by others—perhaps I should not say the minister, but certainly by the deputy minister of finance—that in order to maintain full employment at home after the war we shall have to indulge in a large scale foreign investment policy. I think we should indulge in a programme of investments in our own markets, at home. Now is the opportune time to freeze this purchasing power which can be released after the war. The minister may say: Would the people be willing to have this money taken, and receive no interest? I am satisfied the people would far rather maintain their capital intact, without interest, than have it taxed away from them. If I were faced with the alternative of having $100 taken away by taxation, or having that $100 placed somewhere to my credit and frozen without interest, I would choose the latter. That is what I advocate, as far as those in lower income tax brackets are concerned. Then as a man's income increased the structure would have to be adjusted so that there would be a fair proportion of tax and a fair proportion of compulsory savings.

One other word, and it is this. The minister knows very well that there is at the present time a great deal of opposition to the way in which he is financing the war. Surely the least he could do would be to make the bonds he issues to-day callable, so that if after the war another government were in power, one which did not believe in the type of financing followed by this government, they would be in a position to call in those bonds instead of having to pay interest on them for the next ten or twenty years.

Mr. CRUICKSHANK: Mr. Chairman, I am not going to follow the line of argument offered by the hon. member who has just taken his seat. I believe we should clear up one subject at a time. I wish to speak—and I am not afraid to speak, and never have been.

[Mr. Quelch.]

I have never been afraid to speak my mind on anything, at any time, because if the electors of my riding are going to take exception to what I do in the house, then I do not wish to be their member.

I wish to congratulate the hon. member for York-Sunbury upon his forthright and courageous approach to this matter. I believe every hon. member will realize that he was not speaking personally. All those of us who know him will know that he is not in the financial position of many other members. I should like also to congratulate the hon. member for Rosetown-Biggar who, without hesitation, put his party on record, in order that there may be no misapprehension in connection with the arguments advanced. And I would include also the hon. member who spoke for the Social Credit party.

I would place before the committee a point which I believe is most important in this connection. I remember that, speaking in 1940, the Prime Minister said that the people he wished to represent Canada were the youth of the country, particularly the soldiers, and those engaged in labour and agriculture. I am not using his exact words, but I believe a check in *Hansard* will show that I am almost correct. I point out to the Minister of Finance that the kind of representation we have in the House of Commons after the next election is his present responsibility, and his only. What earthly chance is there for the young man now working for $1.50 a day overseas, to come home and stand as a member of parliament? There is no hope for the young man who is coming back and who wants to get married. What chance has he to get into this House of Commons, no matter what party he represents?

None of us know which party is going to be in power after the next election. I have my own ideas as to which one I would like to see in power, but I can assure you that there is one member coming back here. I can say that for the simple reason that I am not afraid to talk about this or any other matter. I do not fear publicity in my riding. My riding is either rural or straight labour. There is a certain percentage of labour there, and I can assure the minister that every farming district in western Canada and every labour union believe that the labourer is worthy of his hire.

I want to revert to what I think is the most important part of this question. If the democratic form of government is worth fighting for, surely it is worth having it administered by the rank and file, by the ordinary common man referred to by President Roosevelt and Mr. Churchill and by our own Prime Minister.

I doubt if there is one of the present 245 members who wants to come back as a stooge for some corporation. Such a man would not have to worry about his costs, but he would be a stooge for some organization. I will put it that way, not confine it just to the financial interests. That is not the type of man our soldiers overseas want to represent them. I do not believe the soldiers will begrudge us, even in this present parliament, getting what we should. Two of the most brilliant young members we have—I am not going to refer to them by name—both soldiers in this war, are having to give up politics. They do not want to do this, but they find they have to. They are married men with young families to bring up and they find they cannot afford to stay in politics. Some of the highest ranking men in public life in Canada have practically begged these men to stay in public life. These young men with excellent education and wonderful attainments are forced to take this step for one reason and one reason only.

I took it upon myself to canvass a lot of people in this connection. As I say, I do not care for publicity and never did. If you are honest in your convictions, if you want to be reelected, that is the course to take. I want to tell the committee that a couple of prominent Liberals have said that the publicity about this would not be good with an election coming on. I want to tell those two members that the action they are taking will do more to harm their party than any publicity that might come out of this. The publicity about motor car allowances did not hurt the Liberal party in the last election, nor did it hurt the Conservative party in 1935, or whenever it was they were last elected. A cabinet minister receives this allowance even though he does not own an automobile. I agree with the hon. member for York-Sunbury. I am not quarrelling over their getting an extra salary, but I am quarrelling with any member of the government who will get up and defend the payment of $2,000 for a motor car allowance when he does not own a car.

Mr. FRASER (Northumberland, Ont.): What cabinet minister does not own a car/

Mr. CRUICKSHANK: You can make your speech, but I am making mine now.

Mr. FRASER (Northumberland, Ont.): I am just asking a question.

Mr. CRUICKSHANK: I have no time to answer a question now.

Mr. FRASER (Northumberland, Ont.): You do not want to answer that question.

Mr. CRUICKSHANK: You can ask the cabinet about that. I do not care if he does own a car, and I want to make that point clear. I am simply following the line taken by the hon. member for York-Sunbury. I do not begrudge the payment of $2,000 to the cabinet ministers, but I do think it is a disgrace to Canada that a man sitting down in a plush seat in the Bank of Canada should draw twice the money paid to the Prime Minister of Canada. I think it is a disgrace to Canada that any two-by-four moving picture actor who is brought up here to peddle bonds should draw more money than any member of the government.

Mr. FRASER (Northumberland, Ont.): Ten times as much.

Mr. CRUICKSHANK: Ten times as much. I am not begrudging the members of the government what they get, but I think they should have the courage of their convictions and be ready to stand up on the floor of this chamber, as the hon. member for York-Sunbury and the leader of the C.C.F. have done, and give some reason other than "this is not the time."

I wonder if any member of the government knows how much it cost the member for Fraser Valley to-day for one long distance call to Vancouver on business, two telegrams and some air mail stamps? The cabinet members get those free, but we private members do not. I do not say that they should not have those expenses paid, but I do contend that the cabinet should take these things into consideration. I have to pay those charges. If you want just old or wealthy members to come here to represent young Canada and the men who are fighting for our vested interests, I can tell you one way to do it. Instead of requiring $200 as a deposit, make it $270,000 and in that way you can keep out the ordinary working man from the next election. The people of Canada do not want that. The soldiers do not want that. The government should endeavour to justify themselves to the soldiers overseas by seeing that their fellow soldiers, instead of having to withdraw from parliament this session, can stay in parliament and bring up their families in a reasonable and honest manner. So far as I am concerned the answer, "Now is not the time to approach the public", will not go down with the people of my riding, and that applies to the three parties that may be running in the next election. Now is the time to face the issue in order that when the men who are fighting to save democracy come back they will find not a rich man's government but a democratic government which really represents them.

Mr. FRASER (Northumberland, Ont.): Mr. Chairman, I would like to take this opportun-

ity to add a few words to the appeal which has been made by the hon. member for York-Sunbury and the hon. member who has just taken his seat in connection with the sessional indemnity—I should like to emphasize the word "indemnity"— paid to members of parliament. I heartily endorse what the hon. members who have just spoken have said regarding the position in which members of parliament find themselves when they are forced to spend from five, six or seven months in Ottawa.

It would seem to be the irony of fate, or perhaps a lack of appreciation on behalf of the powers that be, that as a commercial traveller I can go into a hotel in Ottawa, present my commercial traveller's certificate and receive a consideration of fifty cents per day on the amount I must pay for keep. If I go into the same hotel as a member of parliament the clerk at the desk looks at me with suspicion. After all is said and done, sometimes members of parliament are looked upon with suspicion. He says, "Well, Bill, you are not a commercial traveller, you are a member of parliament." Instead of paying $5.50 per day, I must pay $6 simply because he is suspicious of me as a member of parliament.

Mr. HANSON (York-Sunbury): You look like a capitalist any time.

Mr. FRASER (Northumberland, Ont.): The difficulty with this question is a lack of courage on the part of the powers that be. Within the last twenty-four months the Minister of Finance and his colleagues have had presented to them by a number of hon. members from each group a recommendation that members of parliament should have $1,500 exempt from taxation in order to cover their expenses while living in Ottawa. I submit that there is not one person in Canada who would object to or criticize that action. I repeat emphatically that it is a lack of courage—there are three words in my mind I could use but they do not come within the concept of parliamentary language—that an order in council has not been put through extending consideration for the members who sit in this house, representing anywhere from 30,000 to 80,000 people. We are doing arduous work, and working long hours, with no union regulation but working day and night, Sunday, Monday, Tuesday, Wednesday, Thursday, Friday and Saturday for $4,000 a year, all subject to taxation. I challenge the Minister of Finance to get up on his feet here and now in this house and defend that position of the government, particularly when every member of every party of the house will support what I say in this regard.

[Mr. W. A. Fraser.]

I want to go further in my endorsation of the statements made by the hon. member who has just taken his seat (Mr. Cruickshank). You are sabotaging the public life of Canada when you penalize decent honest-to-God Canadian citizens who have the ambition to discharge what they feel is their duty to their fellow Canadian citizens when you assign to them a remuneration that is less than that of a truck driver. I am not submitting; I am demanding that the Minister of Finance and his colleagues take action in this matter now, even if this is the fourth year of the life of this parliament. I go further and challenge any member of this house to get on his feet and either defy, criticize or support and supplement what I say in that connection. There is not a member of this house who does not endorse what I am saying, and the Minister of Finance knows it but—shall I use those three words?—he lacks what is implied by those three words when he does not take action in this matter. If this government is afraid of public criticism over such action, this government has become politically, academically—shall I say?—anaemic to the wishes of the members of this house and to the wishes of the people of this dominion.

I hope, Mr. Chairman, that my few mild words on this occasion will clarify the atmosphere. As my good friend who has just taken his seat has said, we may not perhaps be doing all that we would like to do here; we may not perhaps be as effective as we would like to be. Nevertheless as a humble member in the ranks of my beloved leader I believe—perhaps I am just kidding myself because of my ego—I am making some infinitesimal contribution to the maintenance of democracy in this country as we know it. I may be wrong in that, but at all events I kid myself into the belief that by spending my time in this chamber at a temperature of 98 degrees I am contributing in some infinitesimal way to what the boys in France and Italy are fighting for. We have 245 decent honest-to-God men in this house who are trying to do their very best. Every member of us, I do not care whether he be C.C.F., Social Credit, Progressive Conservative or Liberal, is doing his utmost to maintain democratic principles for the people of Canada, and to maintain for the boys overseas the way of life for which they are fighting and suffering and giving their lives to-day.

In concluding what I have to say on that subject I challenge the Minister of Finance to tell this chamber why he has not had courage enough to come across and make sure that the next group of members of another House of Commons will get a decent, square deal at truck driver wages.

I have one or two other observations to make. In some respects the taxation of Canada has become impossible. The hon. member for York-Sunbury made some reference to that in his speech on the budget. There are features in our taxation system in Canada that are not only impossible but abortive; they defeat themselves. Take, for instance, small private businesses in this country which have struggled on through the years of depression and prospered through the years of prosperity, businesses which have followed sound and conservative methods of accounting, businesses which have followed a policy of building up by not distributing their annual earnings. I want my hon. friend the leader of the C.C.F. party particularly to bear this in mind—and I say particularly, having heard what he has said on many occasions with respect to relations between employers and employees. I want to tell him that employers are not all wrong. They are not all without consideration for their employees. They are not all failing to cooperate with their employees. So far as I personally am concerned, and I am only a horizontal cut of the employers in this country, I pride myself on having in my employ families who have been with me for two and three generations. Many businesses in this country have built up through the years by not distributing their earned surpluses. They have an appreciation of sound accounting methods, a conception of the up-and-down curves, and many of these private businesses over a long term of years, ten, twenty or thirty years, have not distributed their earned surpluses. But if the principal of such a private business should die to-morrow, his successors would be confronted with the succession duty and income taxation laws of this country and the business would be bankrupt, regardless of the thrift and foresight and sacrifice and the long hours of work that had gone into building up that business. Under the taxation laws as they stand to-day the earned and non-distributed surplus of that business would have to be paid out to meet the succession duty and income tax demands, and the business would be bankrupt. I have discussed this matter privately and in detail with the powers that be, and once again I challenge the Minister of Finance to give any reason or excuse why the undistributed profits of a private business should be taxed to the extent of ninety-two per cent for succession duties and income tax under the present laws.

Perhaps the excuse will be: We have been too busy; we are fighting a war. Perhaps the excuse will be: We should set up a commission or a committee to consider this matter. The fact remains that such laws are on the statute books of Canada, and there was absolutely nothing in the budget speech of the minister that promised to relieve the present impossible taxation situation. Once again I ask the Minister of Finance to try to explain why that situation is permitted to remain under the laws of this dominion.

Those are two situations, Mr. Chairman, with which I wish to deal. One has been dealt with by several members this afternoon. The second one was referred to by the hon. member for York-Sunbury. That situation should be corrected now. The matter should not be shoved aside. We should not be told: We will do it to-morrow or the next day. Action is required now. It is a surprising fact—and I want to put this on record—that if the undistributed profits of a private corporation to-day were paid out in the form of dividends to pay the succession duties on the estate of the proprietor of that private business, they would be taxed under our taxing act ninety-two per cent. You could not get either the succession duties or the income tax. Let us correct this. Let us face both these issues. Let us provide at least a living wage possibility for candidates in the next election, so that they will be able to live decently. As the hon. member for Fraser Valley said a few minutes ago, there should be provision to maintain decently two homes, by allowing the exemption which I get as a commercial traveller, on the expenses involved in living in the city of Ottawa. Also, let the minister now —not to-morrow—take cognizance of the fact that he is in many cases devastating the estates of privately-owned corporations which were built up by initiative, sacrifice and hard work and a cooperative attitude toward their employees, in order that when the owners die their families might not be made paupers, in order that their private businesses should be perpetuated, providing employment and continuing to be an asset in the economic, commercial and financial life of this dominion.

I am making these two requests frankly to the Minister of Finance. Let him answer.

The CHAIRMAN: Before we proceed, I know that the hon. member for Northumberland does not want to use unparliamentary language. According to standing order 41, citation 299, Beauchesne, 2nd edition, no member will be permitted "to impute want of straightforwardness or courage" to another member.

Mr. ILSLEY: It is all right, Mr. Chairman. The hon. member need not withdraw it. I do not want it withdrawn; I want to deal with it.

Mr. FRASER (Northumberland, Ont): If it is against the rules I will use other language.

The CHAIRMAN: I rule that it is against the rules, and unparliamentary.

Mr. FRASER (Northumberland, Ont.): I willingly withdraw it because it is contrary to the rules of the house; but I am quite satisfied that the Minister of Finance has that abstract commodity that I refer to, and will reply to my challenge on the basis on which I have made it.

Mr. BENCE: I should like to say a word or two in connection with the subject which has just been discussed by the hon. member for Northumberland, Ontario, and the hon. member for Fraser Valley. I am not going to demand anything from the minister. I doubt whether if I demanded it I would be successful, in any event, by that method; but I suggest that the minister is far less reasonable than I believe him to be if the logic which has been expressed by the hon. members who discussed this matter this afternoon does not appeal to him.

I tell him that so far as some of us are concerned the situation is completely intolerable. In the first place, I understand it is a principle of taxation that those expenditures shall be exempt which are required in order to earn the income, whether it is a salary or income from a business. The Minister of National Revenue has said, "Oh, no; expenses are not allowed to be deducted in connection with salaries." But this is a very unusual type of salary. It is probably the only type of salary of which it can be said that people have to spend money out of their own pockets in order to earn it. Others who are earning salaries have to pay only their ordinary expenses of living, whereas members of parliament have extraordinary expenditures.

The position of ministers of the crown is not the same as that of private members. Ministers take up their residence in Ottawa; they have only their ordinary living expenses to look after, and probably the whole of their income should be taxed, since the expenses of their offices, their telegrams, long distance telephone calls, and all that kind of thing, are covered by government allowances. So far as private members are concerned that is not the situation. Personally I keep up a home in the city of Saskatoon, where I have a family and a large house and all the expenses which go with it. In order to earn that $4,000, if you call it "earning it", I have to come to Ottawa and live on a scale which is very high, considering the charges which are made in this city as compared with those in other parts of the country. Members of this committee know as well as I do that the costs of living down here are out of proportion to those which obtain in most other parts of Canada. You pay a very high rate for rooms, fairly high rates for meals, and the longer the session lasts the less money you have as far as your ordinary expenses at home are concerned.

This matter has been taken up at this time, unfortunately, because of the fact that the pinch of taxes has made itself felt in this connection. Actually it is a principle which should always have been operative. Of course as a younger and one of the more recent members I never had an opportunity to take it up, nor do I know whether I would have done so or not. But older members must recognize that in the past they have been derelict in their duty with reference to the position of future members of parliament. In the days when taxation was not high, when it was not necessary to live here for more than about three months, when one could get quarters at reasonable rates for one's family and bring them down if one liked, it was not a matter of very much importance. But at the present time, when in order to earn this indemnity, which is supposed to provide for our out-of-pocket expenses and compensate us for absence from home, we have to pay substantial sums of money out of our income, it is a matter of importance, and I suggest that something be done about it.

I believe it would be a great mistake to propose any increase in the indemnities of hon. members at this time. That would be the worst possible approach to the problem.

Mr. ABBOTT: Why?

Mr. BENCE: If we did that, every other class of citizen in this country would be demanding similar consideration, because all of them find their burdens very heavy. But there are very few citizens who realize that we are not entitled to deduct for taxation purposes the expenditures we incur in order to earn this indemnity. I have discussed the matter with literally dozens of people in my own constituency, and they were dumbfounded to know that I was not entitled to deduct the cost of telegrams sent to them to tell them something about their own affairs, or the expense of a stenographer when I am at home to take care of the affairs of my constituents, or any part of my living expenses in the city of Ottawa, despite the fact that my family and personal expenses are going on at home just the same.

I do not know why it is necessary that this matter should be taken up in the house. Surely it has been brought before the cabinet

on previous occasions. From what I have been able to pick up from other hon. members, it has been discussed; surely it should have been settled upon the principle of taxation which I believe has always been applicable in this country, despite the fact that there may be one or two decisions of law which are a little complicated, and probably faulty, and were determined when conditions were not the same as they are now. In any event, whether there is a judicial decision on the subject or whether there is not, I suggest, in view of the arguments which have been advanced publicly this afternoon by hon. members who have done so at the risk of jeopardizing their positions—I say this advisedly—and of being misunderstood outside the house, because unquestionably it is seldom that the full import of a member's remarks ever gets to his constituents, the administration should consider this matter very seriously indeed. I repeat that the situation is intolerable for a number of members who are required to continue to live in the city of Ottawa under the circumstances which exist at the present time.

Mr. SLAGHT: To revert to the interesting discussion that ensued when the hon. member for Acadia indicated to the minister the state of affairs that exists in connection with the sale of victory bonds, reading a letter and mentioning a certain incident, the committee will recall that he cited a case where a salesman had induced a purchaser to purchase bonds, borrowing the money for six months through an arrangement with the bank that at the end of that time the bank would take the bond off his hands and would become the purchaser. The minister said he deprecated that type of transaction and asked the hon. member for Acadia how it could be cured; whether a gaol term should be provided. With the permission of the hon. member for Acadia I should like to be helpful and to tell the minister how he could avoid it without a gaol term or any harsh or drastic course—and he would avoid it for all time. He can join with those of us who want to amend section 59 of the Bank Act by doing away with the right of private banks to create new money without having cash reserves behind it and, as the minister once put it to the house, to carry on the business of banking by lending seven, eight, nine and ten times more money than the banks have in their cash reserves; because, if that transaction was consummated six months later, it was that very practice, described in that last phrase, which the bank carried out when they took the bonds off the hands of the original purchaser.

If the minister really disapproves of the banks acquiring bonds by purchase in that manner, then his course is simple. He can amend section 59 of the act by requiring the banks, so far as their deposit accounts on loans, not including savings accounts, are concerned, to have 100 per cent cash reserve. Let me suggest that it is not merely the transaction that the hon. member for Acadia mentioned that we must consider. There is a much more serious state of affairs in that our Minister of Finance has, in the past two or three years, increased the borrowing for the government of Canada through the chartered banks partly by short-term loans and partly by securities exceeding two years to run, so that now this country is indebted through him to the chartered banks for an amount on which we are paying interest to the extent, on April 30 last, of $2,696 million, or, roughly speaking, $2,700 million, every dollar of which. instead of having interest-bearing securities lying in the vaults of the ten chartered banks for that amount, could have been issued into existence through the use of public credit through the Bank of Canada by amending section 59 as a protection against inflation. If we had done this we would not have been carrying an intolerable burden of $40 million every year and down through the years to come in order to finance that type of borrowing.

I commend to the minister this course that I am suggesting. He does not need to gaol anyone. Simply take back for the people of Canada the privilege which they were given under the British North America Act, so that they themselves, the government, shall issue and control the currency and credit of this country which our forefathers gave away to the chartered banks in their charters and which the chartered banks are again to-day seeking to retain in the form of a monopolistic privilege when they ask us to renew their charters without amending section 59 of the act.

That is a simple course to take and I beg the minister to give it full consideration, because if he comes to the banking and commerce committee and says that he believes in using the credit of the country in the terms laid down by his leader, the Liberal Prime Minister, in 1933 and 1935—in terms of public need and not in terms of bankers' greed—this is a remarkable opportunity he has, this tenth year, to come into that committee if he withdraws his opposition to the amendment of section 59. He has not yet declared himself, but I am making a bad guess if he has not yet seen the light to the extent of joining with others in asking that this be done. He will save the country $40 million a year for the next twenty years. He will save much more

than that, because there is a gap between what we can get by taxation plus the sale of bonds and what is obtained by borrowing. Either he will go and borrow more money next year from the Bank of Canada, issuing it into existence as new money, without an interest-bearing load, or he will go back again with his hat in his hand to the chartered banks and borrow from them at the low rate of interest which he has been able to obtain. Why not issue the money into existence interest free, by using our own credit, instead of appointing the banker as a toll-gate to exact interest from the people of Canada in order to lend money for public need into existence with an interest debt upon it?

The CHAIRMAN: We are in committee of ways and means, and I would point out 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 hon. member for York-Sunbury (Mr. Hanson) asked the consent of the Chair and of the committee, which was accorded him, to discuss the question of parliamentary indemnities, but since then some other questions have arisen altogether foreign to the clause which we are supposed to be discussing. I trust the committee will find it possible to confine its remarks to the clause before the Chair.

Mr. McGEER: This discussion on the first resolution under the Income War Tax Act proposes to reduce the provision for accumulated savings, and it has brought on a debate which involves in its wider sense the responsibility of parliament to the taxpayer. I venture to suggest that this debate has already indicated that our Department of Finance has a very limited idea of where it is to-day. It has a vague idea of how it got there, but I do not think it has the foggiest idea of where it is going to land this nation if it continues on its present course. I make that statement because we have arrived at a point where the government is faced with a revolt led by the leader of the official opposition, supported by the two junior parties in the house and, I believe, by a majority of hon. members sitting behind the treasury benches, in regard to the policy of taxation which has gone so far that it has been declared by one government supporter to be a sabotage of the public life of the Dominion of Canada.

Mr. ABBOTT: Nothing like relieving ourselves from taxation.

[Mr. Slaght.]

Mr. McGEER: My hon. friend chirps up with his usual bright remarks, which are just about as foolish as the financial policy he supports.

Mr. ABBOTT: About as bright as most of yours.

Mr. McGEER: My hon. friend can continue with interruptions of that kind if he wishes, but it is a very easy matter with which to deal. I do not know of any time in the history of the House of Commons of Canada when a more serious charge was made against any responsible ministry than that made this afternoon by the hon. member for Northumberland, Ontario, that the government is sabotaging the public life of Canada. How did we get to that position? We got to it by ignoring the advice of every Minister of Finance who has held that portfolio in this house. From time immemorial we have been advised that it was essential that any sound budget should be balanced out of taxation. Since 1914 we have gone on increasing the public debt, until in financing this war we have carried on, as we did in financing the depression, a deficit system of financing, increasing the burden of debt and taxation until to-day the repayment of our national debt has become a public joke, and we assume that for all time to come generations yet unborn will have to carry on under the slavery of an involuntary load of interest-bearing public debt.

Therefore we ask what we must do. Tax the people at the source? I heartily agree with every word uttered by the hon. member for York-Sunbury, that taxation for the needs of war knows no limit; but does anyone think for a moment that we have to tax single people whose earnings are below $100 a month, or a family whose earnings are below $1,800 a year, to finance this war or to meet any other obligation of the country, when we have at our disposal a national institution that can put into circulation the best money the Canadian people ever used as a medium of exchange? Anyone listening to the Minister of Finance yesterday when he explained how easy it would be for us to carry this debt would have thought we were in a comfortable position of security. If the minister is right, then how terribly wrong have been all his predecessors in office. Do not, however, make any mistake about the position he took. He said that the time would come, with a pyramiding national debt, when an intolerable strain would be placed upon the economy of the nation. He did not tell us, because he does not know, when that intolerable strain is going to arise. He did not tell us, because he did not know, what the remedy would be when that intolerable strain

of an immense debt load became evident. I say to you, Mr. Chairman, and to this parliament that this intolerable strain has already arrived, and that we are financing by following a false course, by putting into circulation a medium of exchange which is merely an appalling discount of the rights and wealth of the people of to-morrow.

We have been told a great deal about the necessity of taking money away from the people in order to avoid inflation. If there was ever any justification for a single word of all those arguments, then the ending of compulsory savings is one of the most unsound things this government has ever done through its Department of Finance. It would have been far better to relieve from taxation those earning less than $100 a month, which would include most of the young men who are accumulating for their to-morrow, and families whose earnings are less than $1,800, at the same time accumulating savings for them to be used by the country during the war and to be made available to the people when the war is over, than to have this provision which I venture to say will meet with the approval of but a very small percentage of even the people who are supposed to benefit under it.

Let me point out something else. When are those accumulated savings to be repaid? How are they to be repaid? What guarantee is there that some government in the future, not the one creating the obligation under a vague and general law but a government forced to carry on and service the enormous debt load created by this government which imposed that provision—what guarantee is there that some new parliament, under the debt-load obligation it will have to carry, will feel itself bound to pay back even the accumulated savings? The people whose money it is have never been given a statement; they have never been issued a certificate, or even a book in which to record the savings that have accumulated on their behalf. A great many people throughout the country tell me quite frankly, "Oh, we will never get back those accumulated savings." I venture to say that if they had been given some concrete form of security in exchange for them, very few would not have been glad even now to continue to accumulate. I do not think many people in this country would fear the danger to the finances of the government if that course were taken; in fact, from my discussions with hon. members in all parties in this house I am satisfied that a majority are in favour of such a course. There is one other thing I wish to say: The responsibility is only in the first instance that of the ministry. The responsibility is on parliament, and it is for parliament to say whether its overwhelming will shall rule, or whether it shall be the will of one department.

If we endorse, as a great many members have, the statements made by the hon. member for York-Sunbury, those made by the leaders of the C.C.F. and Social Credit parties, and by the hon. member for Northumberland, Ontario, whose will is going to rule? This issue involves not merely the question of taxation upon lower income earning brackets. The issue raised to-day involves not merely the right of a member of parliament to be indemnified. The charge of sabotaging the public life of Canada could exist only if what the hon. member for Fraser Valley has said was true, namely, that two brilliant young soldiers have found it impossible to carry on as members of parliament in Canada, because of the taxation policy of the present ministry of finance.

Yes, what is involved is the sovereignty of parliament. The time has come when members of this parliament should unite to restore something that has been taken away from them, and that is the right of parliament to have its will carried out by the ministry. The thing that must be changed is the right of the ministry to impose its will upon parliament, whether parliament agrees or not. This goes to the very root of democracy; it is the issue upon which this war is being fought. And that is the issue raised to-day.

Mr. ILSLEY: The hon. member surely has the right to introduce a want of confidence motion at any hour he wishes.

Mr. McGEER: And the hon. member is probably now going to be faced with that issue. I think the minister has done enough harm in the country already.

Mr. ILSLEY: I am not saying I should do anything.

Mr. McGEER: If we are to be told again, "Oh, well, you accept my will, or I will resign," as we have been told, then I shall have to consider what I will have to do about that. I say to the minister that many of us supporting the government he represents have to consider what we are going to do about this matter if it continues.

Mr. ILSLEY: The only point is this: The hon. member says that this goes to the sovereignty of parliament, and that we must do something to make a change, so that the government cannot do things against the will of parliament. What I say is that the hon. member is quite free, at any time, to take the will of parliament on a specific issue by moving a want of confidence motion. He is quite

free to do it. So that there is nothing wrong with our democratic system or the soverignty of parliament. Parliament is perfectly sovereign. As a matter of fact parliament has already pronounced itself on the issue he is talking about, namely compulsory savings and exemptions.

Mr. McGEER: All right; my hon. friend has the issue put up to him, and he has been invited by the hon. member for Northumberland, Ontario, to make his decision upon it. When that decision comes, the issue will be fairly out as to whether or not the generally expressed will of parliament, which, I take it, in this house to-day is something of no uncertain measure, should be accepted. That issue will, I hope, be dealt with.

Mr. ILSLEY: How many hon. members, before to-day, have risen in their places and said that they wanted their indemnities free from taxation?

Mr. HANSON (York-Sunbury): They want it; make no mistake about that.

Mr. McGEER: I speak only from the information which comes to me, but I believe that there have been committees appointed, and that on more than one occasion those committees represented all parties in the house —Liberal committee, meeting with committees of the official opposition, and the Social Credit and C.C.F. parties—and have returned to the government, and conveyed a unanimous wish on the part of all parties in the house.

Mr. ILSLEY: There has been a difference of opinion among members.

Mr. ADAMSON: Mr. Chairman—

Mr. ROEBUCK: Mr. Chairman, I asked for the floor in the early part of the debate.

Mr. HANSON (York-Sunbury): The Chairman said that he would next see the hon. member for York West.

The CHAIRMAN: The hon. member for Trinity was in the committee, while the hon. member for York West was not here. I do not say this in any disparaging way, but unless members are here it is difficult for the Chair to arrange the order of debate.

Mr. ROEBUCK: I wish to congratulate the hon. member for York-Sunbury, and to commend the statement he has made respecting the financial position of hon. members. I refer particularly to the quiet, dignified and statesmanlike way in which he presented the subject. While I approve most highly what he said and the manner in which he said it, I also deprecate the violence of speech and the extreme statements which have been made, following his address.

Mr. FRASER (Northumberland, Ont.): On a point of order, will the hon. member elaborate on that statement?

Mr. SLAGHT: I desire to suggest, also, that I was one of the speakers who followed the hon. member for York-Sunbury. Since the hon. member for Trinity has put his statement in the plural, that he deprecates the lack of dignity of the statements made following that of the hon. member for York-Sunbury, in my judgment he has covered a little too much territory, and I think he had better certify as to whom he means.

Mr. FRASER (Northumberland, Ont.): Again on the point of order, the hon. member for Trinity has no right to impute anything of that kind.

The CHAIRMAN: There is no point of order before the Chair.

Mr. FRASER (Northumberland, Ont): Let the hon. member for Trinity stay within the confines of the order, then.

Mr. ROEBUCK: I did not refer to lack of dignity on the part of anybody, nor did I mention any hon. member who had preceded me. I spoke about the violence of the language and the extreme statements I had heard.

Mr. FRASER (Northumberland, Ont.): And I challenge the hon. member to mention who made violent statements; who uttered the violent language?

Mr. ROEBUCK: My hon. friend will put the cap on.

Mr FRASER (Northumberland, Ont.): He certainly will, but my hon. friend is afraid to say what he was referring to.

The CHAIRMAN: I must ask for order in the committee; otherwise I shall have to use the power I have to restore order. The debate should be confined to the item before the committee.

Mr. FRASER (Northumberland, Ont.): Let the hon. member for Trinity stay within the item, then.

Mr. ROEBUCK: Because the hon. member for Northumberland, Ontario, desires me to do so, I will specify that the statement with regard to the courage of the Minister of Finance, and the suggestion that his thinking was anaemic, were certainly violent and extreme statements.

Mr. FRASER (Northumberland, Ont.): He does not need your help.

Mr. ROEBUCK: Perhaps not, but I am a member of the house, and I am as free to state my opinion on the floor of the house as was the hon. member for Northumberland, Ontario. And I say to hon. members that nothing is to be gained in the discussion of our own problems by making overstatements or statements which have at least the appearance of anger. Certainly nothing is to be gained by attempts at driving the administration or offering challenges and that sort of thing. This is a subject which should be approached with the greatest dignity, reserve and care. It is for that reason that I feel a duty to speak and also because I think the hon. member for York-Sunbury has understated rather than overstated the case.

I should like to put upon *Hansard* some figures with regard to this question of indemnity, but first may I say that I am not grinding any axe of my own. Fortunately I have been able to get by, largely because of an earning power, a very small family and the fact, that, like many others in this house, I have a perfect wife. With that combination I have been able to keep going. I am not speaking on my own behalf; I am speaking because it is the duty of a member to express himself on these matters and particularly to defend democracy which is in danger.

Let me give the figures I have gleaned since this debate started. Let us suppose that a member has no other source of income than his indemnity. If he is a married man without a family he will pay a tax of $1,364 on his $4,000 indemnity. That is to say, he will receive by way of indemnity, not $4,000, but $2,636.

Mr. ILSLEY: Does that include compulsory savings?

Mr. ROEBUCK: It does. I am speaking of this year's figures and there would be compulsory savings of ten per cent of the gross income. Some day that money will be paid back, but I am reminded of a remark made by someone following the last war. The Russians were starving and some one assured them that they would have a good harvest in the spring. We may be able to wait for some years for the repayment of this money if, like the Russians, we do not starve to death in the meantime. This net income of $2,636 is the best position in the series I am going to mention. That is the amount left to the member to permit him to live in Ottawa for six months and to maintain himself in his constituency for twelve months and pay the various expenses, including those of regular elections.

If he were a married man he would receive $2,636, but if he were single he would receive $2,406, after paying a tax of $1,594. That is what he would have left to maintain himself. I hope that there are few in this house, although I know there are some, who have to maintain themselves on what is left of their sessional indemnities after their taxes have been paid.

Let us suppose that someone with an income of $3,000 is waited upon by the usual committees urging him to become a member of parliament. Let us suppose that he consents and that he is unfortunate enough to be elected. Let us suppose something which is not always the case, that he is able to retain his income of $3,000. What will be his position?

On his income of $3,000 he would pay an income tax of $884. The expenses of being a member of parliament are offset with an indemnity of $4,000. When the $4,000 is added to the $3,000 he is placed in the $7,000 class, in which case his tax will be, not $884 but $2,985. That is to say, his tax will be increased by $2,101 by reason of his receiving the $4,000 indemnity. After the increased tax has been paid, he will have left out of his $4,000 the sum only of $1,899. That is the situation facing hon. members of this house.

The indemnity is paid not as a salary. It was instituted in the first instance to pay the expenses and thus make it possible for a poor man to be a member of parliament. In this case the indemnity is $1,899 and not $4,000.

Let us go into some of the slightly higher brackets. Supposing the man who is urged to become a member of parliament receives an income of $6,000 a year. Let us suppose that he becomes a member and is able to retain that income. With his indemnity his total income is now $10,000 and he goes into the $10,000 class. What are the figures? In the first instance, he would pay $2,415 on his income of $6,000, but when he goes into the $10,000 class by reason of his added expenses and added revenue, he will pay $4,762. The increase in taxation by reason of the receipt of the $4,000 will be $2,347. That is to say, he will retain out of the $4,000 only $1,653.

If one considers the expense of living in Ottawa for six months in the year and possibly maintaining a house, he can see that many members will be in the red. The hon. member for York-Sunbury confessed that he was in the red so far as his indemnity was concerned. I can match him in that. I, too, am in the red. By the time I have paid my living expenses in Ottawa, without figuring the time spent or the other expenses of my constituency and that sort of thing, I find

that I am out of pocket. That is, after I have paid my income tax out of the $4,000, it actually costs me money to live in this city as a member of parliament, just to room and eat.

I am not speaking on my own behalf. I have no complaint to make with regard to the position I hold. I am intensely grateful to the constituency which paid me this honour and charged me with this responsibility, but I suggest to the committee this thought. The indemnity was established in the first instance in order that democracy might continue. It was the Labour mind of the House of Commons in England that advocated payment of members of parliament. It was not the rich who put it across; it was rather the poor. It was those classes who had public things in mind, and who knew that the poor man could not sit in the house unless his expenses were paid. The people of England came to realize that if the public did not pay, then somebody else would. It was in order to substitute the public man, in its truest sense, for that man who holds a seat in the house for the purpose of serving private interest that the public decided to pay the members' way. It was to substitute democracy for the service of private interest, that caused the English people to give an indemnity to their members of parliament.

The principle is as strong to-day as it was then. If we are to maintain democracy of this house, its high standing in the community and the respect of our fellow men, it is necessary to take this problem into consideration. If the administration feels that this is not the proper time to make a change, it should at all events lay this question before the electors at the next election, and see to it that the impression now abroad that members of parliament grow rich is dispelled. It is not true. Members of parliament grow poor in the service of the public, and our public does not know it. Let it be stated openly and publicly, boldly and without reservation, to the people of Canada and let them be told what is involved in this matter. If you continue the present policy you will restrict parliament to representatives of rich interests, to rich men and to people without responsibility who can live here on less than $3,000 a year.

The issue is clearly put. It is a financial issue. It is necessary in order to preserve the strength, the credit, the respect of this house that we put our members in a position to pay their way, to be independent of anybody, to look the world in the face and say: "I owe not any man. I am not to be paid and I am not to be bought. I cannot be hired. My expenses cannot be paid by anybody. They are paid by my constituents, by the taxpayers of Canada, and I have but one duty, the service of the people." I hope that my language has not been driving language. I hope that I have not urged this matter too strongly, because it is a subject for clear thought rather than of emotionalism. The hon. member for York-Sunbury (Mr. Hanson) suggested that we members did not have the courage with which to approach the question.

Mr. HANSON (York-Sunbury): No; I asked them to have courage.

Mr. ROEBUCK: All right. I am corrected to that extent. But it has not been lack of courage on our part that this matter has not been raised before. It has been a sense of responsibility. It has been that diffidence to advocate our own cause. It has been a readiness to sacrifice in order that this war might be carried on and that public morale might be maintained. It is a matter of credit to us and not of discredit that this question has not been previously discussed.

As for the Minister of Finance and the suggestion that he is anaemic in thought or lacks courage, let me ask how many in this house would like to substitute for him and to answer the barrage that meets him from both sides of the house, while he carries the responsibility of the raising of billions of dollars. I do not always agree with the Minister of Finance, but I have held my peace knowing the burden that he carries. I have felt that he was not anaemic but rather a lion-heart in his office.

Just one word on another subject that is related to the one before the house, namely, the abolition of the savings portion of the present income tax. Lest the Minister of Finance and the country think the criticism voiced is the general opinion, because of silence on the part of others, let me express commendation. Many of my fellow members feel that the administration deserves credit for making this change. There is such a thing as riding a willing horse to death. Statesmen must be careful not to go too far in bleeding a country white even in time of war. Caution in going too far and taking too much is wisdom at the present time. The abolition of this tax is intensely popular in the country.

It has been observed on the floor of the house that the change will benefit most strongly those in the lower income brackets, because those in the higher income brackets usually are able to offset a portion of the compulsory savings by the payment of insurance premiums and various other things. It is the low income taxpayers who will benefit. I appreciate the argument that it is a good thing to have money now in order that we may have it to expend after the war is over. But you must take the whole financial policy

together. You must not select single points and emphasize them. While the poorer people will not save as much to expend after the war if this change goes into effect, on the other hand, if the present plans as I understand them are carried out, there will be family allowances. Something like $200,000,000 a year of purchasing power is to be distributed among the low income people of our country in the form of family allowances, thoroughly offsetting the loss of compulsory savings. One offsets the other. Both would give added purchasing power after the war. We now lose the compulsory savings, but on the other hand we gain $200,000,000 in family allowances.

Mr. ADAMSON: The Minister of Finance has stated this afternoon that this question of indemnities has not been brought up in the house before.

Mr. ILSLEY: No, I did not say that. I asked the hon. member for Vancouver-Burrard how many members had mentioned it on the floor of the house before. I did not mean to intimate that none had. He was representing that the discussion this afternoon showed a general movement of hon. members in favour of freeing part of their indemnity from taxation, and I asked him how many members had brought it up before.

Mr. ADAMSON: I wish to tell the minister that on three previous occasions this very question has been brought up in the house, once by myself, twice by my room-mate, the hon. member for Northumberland, New Brunswick, not Northumberland in the hills. The hon. member's contention was—and I think it is well founded—that the indemnity is paid to members of parliament to indemnify them for their time, and that under the House of Commons Act to consider this a salary is entirely improper—

Mr. HANSON (York-Sunbury): And unconstitutional.

Mr. ADAMSON: —and that if the legal lights could get together they might prove that every act of this parliament was illegal, because under the present taxation system we are put into the position of being employees of the government, and the House of Commons Act definitely states that a member of this house cannot be an employee of the government, with the exception of a soldier, sailor or airman serving his country during time of war. That is a very important point, and one which I think should be cleared up.

With regard to two hon. and gallant members who have intimated, I think quite publicly, that they could not afford to continue to be members, I support the contention of the hon. members for Fraser Valley and for Northumberland, Ontario, that the loss of these two members to this country is a serious loss, and represents the sort of thing which may happen all across Canada. I say to the committee through you, Mr. Chairman, that in politics as in everything else you get what you pay for.

There is what I consider to be a particularly mean decision of the treasury board through which both of these hon. and gallant members suffer severely. I know this because I was fortunate enough to be serving overseas with one of them. By a ruling of the treasury board, if you are a member of this house you are not entitled to dependents' allowance; that is, separation allowance. That decision may be legal, but I suggest that it is very mean. It does not affect me now, but it did. I mention it now because it does not affect me. Here we have members who, because they are such, are penalized, in that if they are married or get married their wives do not receive the separation allowance. It is a penalty illustrative of the mentality of the treasury board in its reaction to the matter of indemnities paid to members of this house.

Mr. ILSLEY: This is news to me. I discussed it with members, and certainly I am very much surprised. May I ask the hon. member, on what is the ruling based? It may be that it exists; it may be that it is validly based, but would the hon. gentleman give me a little enlightenment on that?

Mr. ADAMSON: Yes. If you are in the army you get what is called a separation allowance for your wife.

Mr. ILSLEY: The dependents' allowance.

Mr. ADAMSON: The dependents' allowance. If you happen to be a member of the house that is automatically cut off, by the ruling of the treasury board, because you cannot draw a salary from two departments at once.

Mr. ILSLEY: What about your soldier's pay?

Mr. ADAMSON: You get that, but not while serving as a member of the house. I want to make this very clear, that no hon. member on active service while serving in this house draws two indemnities. He does not draw his army pay and his indemnity as a member of this house if he serves in this house.

Mr. HANSON (York-Sunbury): While he is in the house.

Mr. ADAMSON: He receives leave without pay to look after his parliamentary duties. But whether he is serving overseas or anywhere else he does not receive separation allowance for his wife at any time. I think that is a peculiarly picayune and rather mean proviso of the treasury board. I must say that it is not endearing the treasury board to those who are affected by it.

Mr. HOWDEN: Which does he receive, his army pay or his parliamentary pay?

Mr. HANSON (York-Sunbury): He receives his parliamentary pay in full. His wife gets no separation allowance from his army pay, and he loses his army pay while he is here in the House of Commons. I think that is the correct statement.

Mr. ADAMSON: Yes.

Mr. ABBOTT: Supposing he were here for six months he would receive his full parliamentary indemnity and no army pay during that period. During the remaining six months he could draw his army pay.

Mr. HANSON (York-Sunbury): I think that is so. But he gets no wife's allowance at any time.

Mr. ADAMSON: He would draw no separation allowance at any time. Both these hon. and gallant members have brought this up to me and mentioned it as peculiarly unfair and "small". Both of them are professional men, and married. Before they became members of parliament they lived on the fees which they received for their professional services. That source of income is completely cut off; both of them have found it almost impossible to live, and both have stated that they cannot remain members under these conditions. Because of the ruling I have mentioned we are losing from this house the very type of young men we should have in it.

I wish now to refer to the British budget. As brought down quite recently by Sir John Anderson, it definitely recognizes, or so I understand from the press, that a member of parliament has definite expenses, and gives him an allowance for them. Surely we can follow the lead given in this respect by the British house.

I hold in my hand a bill which shows that the Australian parliament recognizes not only the expenses which have been mentioned, but election expenses as well. I think the committee would be interested in one of the clauses of this act, since we are likely to have an election, I understand, in the very near future. Section 74 of the Australian income tax assessment act as revised this year reads:

[Mr. R. B. Hanson.]

Expenditure incurred in the year of income by the taxpayer in being elected as a member, or in contesting an election for membership, of the parliament or of the parliament of a state shall be allowable deduction.

That is a very interesting clause, and remember it is put in by a Labour government. I think it is important for this reason. What we have to do in Canada is to see to it that the type of man we get in the House of Commons is truly representative of the people throughout the country. We are going to be faced with a good many young men coming back, discharged and demobilized; we hope that the next House of Commons will have a great number of servicemen in it, and unless we liberalize our methods of taxation and our present method of reducing the indemnity until it is impossible to live on it, we are not going to get, after the next election, the type of independently thinking young man in the House of Commons that we should have. Everything should be done under our taxation policy to make it easy for courageous and forceful young men who have fought for their country to become condidates for parliamentary honour. We need that type of young man, but under the present taxation system we do everything to discourage such men, and that is one of my most serious condemnations of the present system.

Several matters have been brought up on this resolution and I wish to say just one word with regard to succession duties.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. ADAMSON: When the committee took recess at six o'clock, I was speaking in general terms about the peculiar way in which we as Canadians treat our public men. There is in Canada a philosophy, I think one of the most pernicious that could be harboured in any country, that all men who go into public life do so for ulterior reasons; and when a public man is defeated many people continue to bear a personal dislike to that individual. No other country in the world treats its public servants as badly as Canada does. To-day there are living in Canada I think seven gentlemen who at one time or another have been premiers of some of the sovereign provinces of this dominion. All or most of them are living in a degree of oblivion; some have been or perhaps are actually close to destitution. That is something the public man sees in Canada when he looks around. He sees men once great, once leaders of great provinces, elected

by the public will, whom the fortunes of politics have turned down and who have been treated worse than men engaged in any other line of endeavour. These are the things we see, and they are not conducive to the well-being of the state.

We have taken a cynical attitude toward public servants. We have said that no man who enters the public service can possibly be honest. That is the philosophy of the country. When I was elected to this house I was in the army. My colonel said to me, "If you had been in the penitentiary for five years people would have forgotten and forgiven you. Now you have become a politician, and that will stay with you for the rest of your life." That is the philosophy we have spread in Canada, and I say to hon. members that it is a damnable philosophy. We do not consider, as do the English and the other democracies, that a man enters the public service of his country for the same reasons that another man enters the armed service of his country. I submit, Mr. Chairman, that until we overcome these peculiar ideas we shall continue to have the sort of negative government we have at the present time. That is all I have to say with regard to the sessional indemnity.

I should now like to say a word about succession duties, which I believe come under this item. There is a specific item dealing with them, but what I have to say is more germane to this item than to any other. It is a peculiar thing, but we have developed the philosophy that it is a sin to make a success of anything. Once a man has made a success in life he is considered suspect, and the taxing authorities of this dominion regard his estate almost as an enemy of the country. I am going to put on record to-night some specific figures with regard to an estate—

Mr. ILSLEY: Mr. Chairman, we made a bad start this afternoon with respect to the rules. The hon. member for York-Sunbury asked in a polite way for leave to introduce under this item the question of taxation on sessional indemnities, and no one took exception. We have strayed from one field to another, and I think now we should decide to comply with the rules of the house after we finish with some of the matters that have been brought up; not all of them, but I think probably the matter of the taxation of sessional indemnities will have something more said about it. I suggest that we get back to our items and stick with them; otherwise we shall never make any headway. If we have general speeches, appropriate to the debate on the budget, on each resolution the whole discussion will get entirely out of hand. The hon. gentleman is now propounding his philosophy, or his criticism of the philosophy of others, with respect to accumulations and whether or not they should be passed on at the time of one's death. That has nothing to do with this item, and I raise the point of order.

The ACTING CHAIRMAN (Mr. Golding): The minister is quite correct in his interpretation of the rules, and this evening I hope hon. members will confine their remarks to resolution 1, which reads:

1. That for 1944 the total tax on individuals be reduced by one-half the amount of the refundable portion thereof, less one-half credits for savings, and that for 1945 the total tax on individuals be reduced by the full amount of the refundable portion thereof, less credits for savings.

I hope hon. members will try to cooperate and keep to the point under discussion.

Mr. NEILL: The minister said that we were to finish the subject we had started this afternoon.

Mr. ILSLEY: That is correct; we shall have to finish that.

Mr. ADAMSON: I bow to your ruling, of course, Mr. Chairman; but since this afternoon the general subjects of the functions of chartered banks and the Bank of Canada, and the issue of debt-free money were allowed, I considered that on the first item there would be an opportunity to all members to discuss the general taxation policy. However, if the Minister of Finance wishes to have it otherwise, and if in the future we shall have an opportunity to deal with specific items as they come up, then I shall reserve what I have to say on succession duties until the specific item is before the committee. I understand that I have that guarantee, and I therefore bow to your ruling.

Mr. WOOD: Mr. Chairman, so far as possible I shall endeavour to confine my remarks to the first item in the resolutions. I believe it is quite in order that we discuss the taxation upon the sessional indemnities of members of parliament. I must point out that I have a great deal of sympathy with my fellow members in the matter of taxation of those indemnities, and I cannot see any rhyme or reason why a member of parliament is not entitled to the legitimate expenses connected with his being a member of parliament as would be enjoyed by any other Canadian citizen. Some consideration should be given to that aspect of the situation. We are taxed on the full amount of our sessional indemnity, and I myself find considerable difficulty in paying

those taxes. Like the hon. member for York-Sunbury, I find that $1,400 is deducted from my $4,000 indemnity for income tax. However, I do not expect to go into the red, because in the past I have tried to conduct my business affairs so that this will not happen, if at all possible.

The hon. member for York-Sunbury complained about the high cost of living. If it requires as much to live as he said it does, then perhaps it is a case of the cost of living high, so far as that hon. member is concerned.

But when it comes to the point of increasing our sessional indemnities by rewarding members of parliament and giving them a monetary consideration commensurate with their positions, I am not so sure that this is an appropriate approach to the problem. First, I was nominated as a Liberal candidate in my riding, the constituency of Brant. When I was nominated and elected I knew the indemnity was $4,000. I did not have to take part in the election; this was still a free country. But I have found there are many who, like myself, are anxious to make some contribution to the public service. After listening to some hon. members who spoke this afternoon, one might decide that they were giving their time and attention without any remuneration at all. The indemnity might not be as large as some think it should be; while the House of Commons is as fairly representative a cross-section of the people as can be found, it is still possible that some of the 245 members may not be worth even the $4,000, and would not make that if they had to compete in some other form of life. That is a point which should be considered.

After all, the average member of parliament has a contribution to make when he offers his services at election time. Very often during the campaign his speeches reflect a high plane of thought, when he solicits the votes of his constituents to support him in the contribution he wishes to make to the public service.

There are other compensations besides the monetary one. The first of these is the honour of being a member of parliament—because I consider it a great honour to represent the people of Brant. I have had many predecessors whom I have looked upon with much approval.

Mr. CRUICKSHANK: You cannot eat honour.

Mr. WOOD: I did not hear the hon. member. The fact is that some most honoured men have represented the constituency of Brant, and I feel highly honoured in being one of those called upon to represent those splendid people. That is a consideration which money cannot buy, and which should be kept in mind.

If one places only a monetary value upon his membership in the House of Commons, then we see at once that there are some in the house who, in many other walks of life, might earn four or five times as much as they receive here as members of parliament. So that I suggest the matter should not be considered only from a monetary point of view. After all, the member of parliament has a contribution he can make, one which I believe is best exemplified in a book I take a great deal of pleasure in reading, when I want inspiration. This book is called "Self-Help," by Samuel Smiles, and at one page I find this:

> Even the humblest person, who sets before his fellows an example of industry, sobriety, and upright honesty of purpose in life, has a present as well as a future influence upon the well-being of his country; for his life and character pass unconsciously into the lives of others, and propagate good example for all time to come.

If we as members of parliament, in the dying hours of a session, say that we are going to extract more from the taxpayers of this country, I am wondering what kind of example that would be to our fellowmen.

After all, there is this to be said about it, that in these days in which our boys are fighting against tyranny a weapon has been put into the hands of civilians, namely, the weapon of taxation. That weapon is evidenced in various types of controls, price-freezing, price-setting, gasoline rationing, sugar rationing, and controls of other kinds. Many of these controls can be used as weapons in the hands of civilians. I am sorry to say I have had complaints from some who have been too cowardly to use those controls with a grace which would have been commensurate with the contribution being made by our soldiers.

This is a weapon we have within our hands, and we must use it to help our boys when they are fighting the forces of tyranny; because, after all, they could not get very far if we as civilians did not back them up. I repeat that when I hear people complain of high taxes, I am bound to remember that we are living in a country which is free, one in which our homes are not bombed, and one in which we enjoy many privileges. We complain of some of the weapons the Minister of Finance is using, the taxation he is inflicting upon us, but I consider it is the right and privilege of a citizen to pay these taxes. We should not overlook that.

It would be unfortunate if we as members of parliament showed a bad example at this

particular time. I hesitate to think where it might end. Naturally we all do not like paying taxes; but if we as members of parliament do not show our sense of duty, how can we expect those who are fighting our battles for $1.50 a day to react? What will they think of members of parliament who are looking after their own particular interests regardless of the welfare of our soldiers who are fighting our battles at this particular time? I may be all wrong—

Mr. CRUICKSHANK: You certainly are.

Mr. WOOD: The hon. member is quite within his right to pass his opinion. I may be all wrong, but I have never reached the point where I consider I never make a mistake.

Mr. CRUICKSHANK: You never will.

Mr. WOOD: There are those who claim they never make mistakes, but they do not know when they make one. I am not so sure that making it easy for society will produce the best results. There are those who have admitted that they have enjoyed the fruits of poverty in their success. I should like to quote again from the same book:

> Riches and ease, it is perfectly clear, are not necessary for man's highest culture, else had not the world been so largely indebted in all times to those who have sprung from the humbler ranks. An easy and luxurious existence does not train men to effort or encounter with difficulty; nor does it awaken that consciousness of power which is so necessary for energetic and effective action in life.

We have in this house men who have deserted a particular field to come and work for this poverty-stricken indemnity of $4,000 that is taxed. We do not seem to have any difficulty in finding people to take this truck-driver's job. Truck-driver's pay was mentioned this afternoon, but I do not think that kind of phraseology lends dignity to this house. I do not want to get on too high a plane but, after all, I feel that a member of parliament should set an exemplary example in his community.

Some of those who have spoken have referred to the lack of fortitude and courage on the part of the Minister of Finance in facing this issue. Some of us who come from the simpler walks of life do not feel as strongly about this matter as others. So far as I am concerned, if some of these gentlemen do not think the $4,000 indemnity is sufficient there is no reason why they should not resign their seats and put their energies to other things where they may be better rewarded.

I would be much opposed to increasing the indemnity at a time like this without asking for the confidence of the people whom I have the honour to represent. While it is an honour to be a member of parliament, it is only right that the member of parliament should deserve that honour and not take advantage of an opportunity to increase his monetary remuneration at a time when the country is struggling so hard. There are people who think we are already getting too much. I believe a service has been rendered to the people of Canada by directing attention to the position in which a member of parliament finds himself to-day.

On page 32 of the appendix to the budget there is a table showing the percentage distribution of estimated revenues and expenditures. One heading covers legislation, which I understand includes the indemnities of senators and members of parliament and the salaries of all officials associated with the two houses. I find that the percentage of the expenditure for legislation is ·05 per cent of the total. This is just a bagatelle compared with other expenditures. Of course war expenditures were the greatest, being 86·28 per cent. However, the principle is still there, and I do not think we have the right to increase our own remuneration.

Mr. CRUICKSHANK: Who asked for that?

Mr. ADAMSON: Nobody suggested this afternoon that it should be increased.

Mr. CRUICKSHANK: He is talking nonsense.

Mr. WOOD: I think if you read the hon. member's speech you will find that he referred to the treatment given representatives and senators in the congress of the United States, and the inference was that there should be an increase for members of parliament.

Mr. CRUICKSHANK: Nonsense; nobody said that.

Mr. WOOD: You are saying plenty, there is no doubt about that.

Mr. CRUICKSHANK: How many days have you missed this year?

The ACTING CHAIRMAN (Mr. Golding): The hon. member must not be interrupted.

Mr. WOOD: If the hon. member does not want to agree with me, that is his privilege. That is his right, but I also have the right to approach this subject as a member of parliament and I do not intend to be scared away by the hon. member for Fraser Valley. He is within his right to voice his own opinion, but I reserve my right to do likewise. As I pointed out in the beginning, possibly we are entitled to a certain relief from taxation upon the cost of being here. That is quite within

our rights, but other than that I take the view that we are being paid for at least a part of our time that we spend here and we are not doing it for nothing.

I do not think it would be wise to put a monetary value upon the work of a member of parliament, because it might eventually create a racket. We might have here the type of people who would try to come here just for the monetary consideration and not because of the public service they could render. During my life I have found that there are many people who have made great contributions to society without receiving any great reward therefor. I would far rather be classed with those people than with those who are extremely wealthy. We have to give consideration to the sentimental aspect of this matter. The hon. member for Fraser Valley may call it a lack of courage, but I do not think it is. It is a case of doing our duty in accordance with the circumstances as they present themselves and not taking advantage of the dying days of the session to increase our monetary considerations.

There is one other matter to which I should like to draw attention. This was referred to in the speech by the hon. member for Vancouver-Burrard when he dealt with the debt of this country. I notice on page 50 of the appendix—

The ACTING CHAIRMAN (Mr. Golding): I do not think we should attempt, under this resolution, to deal with the debt of the country.

Mr. WOOD: I shall be glad to bow to your ruling if I am going outside the resolution. If I am out of order, Mr. Chairman, I will resume my remarks later.

Mr. NEILL: I would not have taken part in this debate but for the remarks of the hon. gentleman (Mr. Wood) who has just sat down. I would not go so far as to say that I resent them for, of course, he is entitled to his views. But I deprecate them; perhaps that is the better word. Of course, every member and every section of this house and of this country have their own troubles. The hon. member occupies a seat apparently reasonably close to this city which allows him to go home week-ends. There are members of this house who are known as the Thursday-Tuesday people, who disappear at 3.30 p.m. on Thursday and we do not see them again until 10.30 on Tuesday night. They can go home over a long week-end and conduct their business in some kind of way at any rate by this week-end supervision. But those of us who come from the far west are tied down here for the whole session. If the session meets in November there is not time enough to make it worth while going home at Christmas. If I had gone home at Easter I would have had exactly two days at home. So that we who come from the far west are tied down here from the beginning of the session to whatever time the powers that be or the lap of the gods decide that we can go home. That makes a difference. I conducted a fairly profitable little business which I had to sell because I could not get home to run it.

Anything I have to say, Mr. Chairman, will come with better grace from myself than from some other members because it is well known that I am not going to run again. Therefore I shall be free of any suggestion such as the hon. member for Brant made that perhaps members had a personal and a pecuniary interest in suggesting that some adjustment should be made in connection with our expenses. It can mean nothing to me. I am only trying to put forward my views for the benefit of those who will come after me and, as I hope to show, for the benefit of the country.

Mr. MACDONALD (Brantford City): The country will lose a good servant if you do not come back.

Mr. NEILL: I hope it may be my pleasure in time to come to look down on this assembly and see how it is progressing.

Mr. REID: It will be nice to have you still with us.

Mr. NEILL: It is quite true, as the hon. member for Brant said, that nobody asked us to run. On the other hand, the people who sent us here expect us to fight for their rights and privileges, and we have not the courage to fight for our own. If we have rights, surely we are entitled to them.

Somebody says that an adjustment has not been asked for to-day. I will take it upon myself now to ask, on behalf of those members who may come after me, that there should be, not an increase in the indemnity, but fair treatment as regards members' expense accounts. I hope that by putting it on the record it may get out to the public, because many people are entirely ignorant of the real facts. The popular idea is that we live here at the expense of the country. When people read in the papers, for instance, that the restaurant went several thousand dollars behind, they think we got the benefit of all that. We do not. A good many people think we do not pay for our lodgings here and so on. A gentleman, a very decent fellow, once sent me a wire collect. It was a nice chatty wire, beginning, "Dear Mr. Neill" and ending with "Yours sincerely". It cost me $7.50. He thought that was one of my privileges.

I only ask that we should be treated the same as any other body. Many years ago—I may be wrong in this, but this is my impression from studying the thing at the time—the same question arose in more modified form, and the then Minister of Finance, I think it was Mr. Fielding, but it might have been his predecessor, said that he would arrange it so that members would get some allowance for their expenses.

If I were a real estate agent I would be allowed, when making up my income tax return, to deduct from my profits any expenses that I had incurred in obtaining those profits. I have to maintain an office, rent, fuel, light, telephone, et cetera, and a stenographer all the time to carry on my political work. If I were a lawyer or a doctor I would be allowed to deduct those expenses from my income, and quite properly so. There is no occupation that would not be allowed to do that. But we are not. There is no sense of fairness about that. It does not make common sense.

Some seventeen years ago, being Scotch, and the Scotch can always see a nickel without a microscope, I took up this question with an authority in the taxation branch. The difference was not nearly as great then as it is now. I said to him, "I am entitled to deduct these expenses." He said, "No, you are not." I said, "Oh, yes; here it is in the law. It says that if you are away from home pursuing your business or occupation you can deduct your expenses. If I had been in the contracting business I could deduct my travelling expenses." But he said, "No, you cannot deduct your expenses." Then I said, "How do you get around that sentence in the law? Is not my business as a member of parliament an occupation?" He said, "No, it is not." Then I said, "What is it?" And he said, "It is an honour." And for that honour I have to pay all these expenses out of my own pocket. That was seventeen years ago.

The question was raised again more recently because the pressure of taxation brought it home to hon. members. Some of them consulted a high official in the taxation branch and he laughed at them. He said, "Of course, you are entitled to make the deduction, but you have been standing for it for so long that it would not look well to make a change now just before an election."

Two years ago I brought this question up on the legislation items in the estimates, which I thought was the proper place, but I got no support, and I left the house rather disgusted. I met some members and said to them, "You know blamed well I was right, why didn't you back me up?" They said, "That's all very well for you, Neill, but you are not going to run again and we are."

The government has been accused of a lack of courage. The blame is not altogether the government's. It is the members who did not have the courage to demand what was coming to them. They were afraid of public sentiment. It is not good to be afraid of public sentiment. The fear is wholly misplaced in this case. The common people, the working people, the union people never want their members to be cheap. The idea of doing something cheap will not get anywhere with them, and they will always stand for a reasonable explanation.

An election was coming off in Nova Scotia some years ago, and the government of the day, in order to popularize themselves, just as our hon. friend opposite had in his mind perhaps, reduced their salaries by two or three hundred dollars. The next day the newspapers came out with great big headlines—I remember one paper, a Labour paper had this headline: "Legislators cut down their salaries." But the next line read: "Cheap Skates! They knew what they were worth." That is all the applause they got from the working man. The working man wants good wages for himself, and he is willing that those who do good service for others shall get paid for it.

I remember once talking to a group of working men along the same lines. It was at a logging camp. I said that I was not being paid enough and that I would vote for an increase. One of the men said, "You say that you are not getting paid enough. Then why do you run? Nobody asked you to run." "That is perfectly true," I said, "but the reason I run is the same reason that brings some of you to town to get drunk. I get a kick out of it, whether I get paid properly for it or not." I would love to run again, but the state of my health forbids it. Let me tell the committee that I might not be so frank if I were running again; I would be accused of ulterior motives; but I am thinking of the people who are coming after me, good men who may be prevented from running because of existing conditions.

Last year I kept a fairly close record of my expenses. Everyone who knows me—my fellow members and my neighbours at home—know I live in a very quiet way. When a man works thirteen hours a day he has not much time for a frivolous life. My hours at home are eight a.m. to ten p.m., with an hour off at noon, and that does not leave me much time to go in for riotous living. So that I live quietly and inexpensively. But I was just $575 out by being a member of parliament last

year. I must say that I included in my expenses the sum of $1,000 toward my election expenses, because that generally costs me between four and five thousand dollars, and each year I take off a thousand dollars of my indemnity to make up that amount. Even at that I would be glad to go on doing it, for the honour of it; as I say, it is the only job I know; it has been my recreation and my hobby, as well as my occupation for twenty-eight years.

There is just one other point I wish to make. If we go on the way we are doing a new system will develop; indeed it is developing now. The hon. member who sits behind me said that he knew of two members who for that reason were not going to run, and certainly there are other members who will be deterred on the same grounds from standing again. I asked a man whom I know if he would run to take my place. He had very good qualifications, but he lacked private means. He said that he would have been willing to stand, but he could not afford it; he had a wife and family. Here is what we are going to develop—and heaven forbid that it should come in Canada: we are going to have a parliament of rich men or the stooges of rich men; it will be either one or the other. The rich man can afford to be a member of parliament; and perhaps would desire to be one, wholly from a sense of honour and responsibility; nevertheless he is a rich man and, when it comes down to the point, he looks at things through the eyes of the rich man. The poor man looks at things through the eyes of the poor man. Either you are going to have rich men who can afford to be out of pocket, or poor men who will be tools of rich men or companies or interests. It does not necessarily have to be engineered by some company; there may be nothing actually improper; but the man who pays the piper sets the tune, and the man or interest that finances a campaign will have an awful lot to say about its policies.

I therefore think that the proposed change would be a fair thing. I do not ask for any increase of indemnity, although it may be remarked that in the United States their representatives are paid far more, but simply that every member should be entitled to deduct his legitimate expenses, and I would not put them at a high figure so that the system could be abused. Let the allowance for expeness be a reasonable one, taking account of the fact that a man may have to give up his business, as we in British Columbia have to do. I would ask any lawyers from British Columbia what their businesses are worth to-day. This would be fair for business and good for democracy. I submit also that it would be a good thing for the people, who want to be represented not by rich men or by stooges but by people just like themselves who can afford to come and represent them. I hope the minister will take some cognizance of the suggestion to make some allowance for expenses legitimately incurred, as we all know they must be. I do not believe the government would suffer by it, and I do not think any hon. member who suggests it or votes for it will suffer either, because the people are sound, commonsensible folk, who do not want any more than is coming to them, and they want everyone to get a square deal.

Mr. FRASER (Peterborough West): Mr. Chairman, I am going to surprise you and also the minister, because I intend to speak on an item. We have been almost four hours on this subject, and I think we should get on an item, unless the minister would like to speak first.

Mr. ILSLEY: I should like to speak some time on this question of taxation of members' indemnities.

Mr. FRASER (Peterborough West): Speak now, then.

Mr. KNOWLES: Perhaps before the minister speaks I may be permitted to say a few words. The reason why I ask the privilege of speaking first is that I should like to anticipate one argument he may use, in case one of the interjections which the parliamentary assistant made this afternoon reflects some of the thinking of the minister. I do not hold it against the parliamentary assistant for the interjection he made; he may have been provoked by the nature of the remarks at that moment; but what he said was something like this, if I remember correctly, "It is very nice to be relieving ourselves of taxation." If I felt that that was what we were asking for I should be opposed to any such move, just as other hon. members have stated their opposition to an increase in the amount of the indemnity. But what I feel we are doing here to-day is directly in line with the third basic consideration which the minister outlined in his budget speech. As reported in *Hansard,* at page 4174, he said:

> A third consideration is the desirability of relieving cases of special hardship which very frequently arise when tax rates are heavy, and of removing some anomalies which experience has revealed in the working of our laws.

I would say to the minister and the parliamentary assistant that under the terms of that consideration members of parliament, by

correspondence, by interviews with the minister, by raising cases in the house, have fought hard in connection with a number of anomalies and conditions which they considered unfair and unjust. The minister, in the very speech to which I have referred, made announcements to take care of a number of these anomalies. Let me take a moment to refer to some of them. First there is the proposed change with regard to undue medical expenses, so that the amount over five per cent is now allowable as an exemption, whether expended in Canada or the United States. He made a new provision with regard to the expenses of the blind. He brought illegitimate children and in-laws into the exemption classes. He made provision for exemption in the case of payments of alimony. He suggested a new provision with respect to the maintenance of self-contained domestic establishments.

There are some other matters which the minister has not adjusted as yet, such as meeting a request which hon. members have made for an exemption to parents of student nurses. There was also the matter which I mentioned the other night, namely, that of granting sleeping-car conductors and sleeping-car porters the same away-from-home expense allowance which is allowed to brakemen, firemen, engineers and train conductors.

The point I am trying to make is that in connection with all these cases what members of parliament on all sides of the house have fought for is not relief from taxation; what they have fought for is equity, for an adjustment of what they considered anomalies; and I feel, quite frankly, that we are only at this stage of the game doing something on behalf of ourselves which we have done strenuously on behalf of those whom we represent.

I know that in our own group, when we were discussing this matter one day, my colleague the hon. member for Cape Breton South made the comment that if a case similar to that of members of parliament were brought to our attention from outside the house we would rise in this chamber and fight like the mischief on behalf of such people. So that I do not think we are asking for any concession or any relief from taxation; we are simply asking that the third consideration which the minister laid down in his budget speech should be thought of as applying to these cases.

A number of sets of figures relative to this matter were given to the minister to-day. I was interested in the figures given by the hon. member for Trinity, but other figures might be added to those, because he gave the figures for a member who has another income before he comes here, one which is still his after he becomes a member. There are some of us here who, whatever the reason may be, have no other source of income once we are elected. I am not complaining at all, I am quite satisfied, I may say to the hon. member for Brant and others. Even if no adjustment is made, or even if the taxes are increased, I intend, so long as the electors of Winnipeg North Centre are satisfied, to continue coming here as a member of parliament. I wish to render such service as I can in this capacity, so that there is nothing in the nature of a threat or a promise, as my political opponents might suggest, in this connection. However, may I state my own case. Apart from any profession I may have followed, I am a member of the International Typographical Union. If I were working at the trade as a linotype operator in Winnipeg, working at the present scale of wages, subject to the taxation now in effect, living in Winnipeg, and having only one home to maintain, it would leave me better off financially than I am under present circumstances. Once again let me say I am not complaining. But I do feel that just as on the one hand I do not want to be better off than the people whom I represent, because of my work as a member of parliament, so I know that the people whom I represent do not want me to be worse off than I would be if I had not gone in for public service in this way. I think the minister should take into consideration the case of members who give their full time and have no other income, as well as cases of the kind referred to by the hon. member for Trinity.

Speaking of interjections, I thought I heard the minister interject at one point that he doubted whether in the past, at some stage of the game, there had been very great unanimity in the house on this matter. If that was so in the past, one of the reasons I am speaking to-night, although as a matter of fact the position of this party was sufficiently well stated by our leader, is to add, what I feel the minister should realize now, that there is practical unanimity on this point. That does not mean that in the view of some of us it was ever right that some consideration along the line we are now urging should not have been given. It simply bears out the correctness of what the minister said in that sentence to which I have referred, that when tax rates are heavy some of these anomalies are brought to light. With the experience of laws of this kind there are revealed things that were not caught before; and because of that experience, because of the way the tax rates operate, members feel the justice of putting up this fight for themselves, comparable with the fight which we

have put up for others, and to which the minister in many cases has responded. There is great unanimity at the present time. In fact, I believe the committeee is unanimous; the only member who has offered any reservations having been the hon. member for Brant; But even he did not oppose the suggestion that there should be some adjustment along this line, and I hope that factor, if it was one that was sticking in the minister's mind, will now be taken into consideration by him, namely, that all parties in the house, members on all sides, are agreed that it is a just request which we are making.

Mr. HANSON (York-Sunbury): I have no regrets for having brought up this matter to-day, and I do not believe that I have in any way overstated the position. I was rather disturbed at an interjection made by the parliamentary assistant, to which the hon. member for Winnipeg North Centre has referred, because the parliamentary assistant intimated that it was nice for us to relieve ourselves from income taxation. On reflection I do not think he will persist in that position. I do not believe there has been any disposition on the part of anyone to benefit oneself in the course of this debate to-day. Certainly I made no claim for relief myself. I want to make that abundantly clear.

Mr. ILSLEY: I do not understand that. I understand that what the hon. gentleman suggests, and what many others have suggested, would relieve members of parliament from many hundreds of dollars of income taxation.

Mr. HANSON (York-Sunbury): That may be the effect of it, but that was not the motive underlying my position. I am quite content to pay income tax. I have paid it from the beginning and I expect to pay it until I die, but I want to pay only on true income, and members of parliament are not paying on true income. That is the difficulty which the minister has not met.

Mr. ILSLEY: I have not spoken.

Mr. HANSON (York-Sunbury): Well, I know the minister must have had this matter under consideration.

Mr. ILSLEY: Why, certainly.

Mr. HANSON (York-Sunbury): The government must have had it under consideration.

Mr. ILSLEY: For years.

Mr. HANSON (York-Sunbury): I am informed that it has been the subject-matter of discussion within the party itself. I will not go farther than that. It has not borne so hardly until the war, until the high rates have come into effect, and then it has come home to hon. members that they are being taxed on their gross income without allowance whatever being given to the cost of procuring that income. The net is what should be taxed. I have had this matter up with the department. The department took the view that parliament itself has the remedy and I am trying to get parliament to apply the remedy. I do not want anyone to take from any remarks I made this afternoon that I was advocating an increase in indemnity; I am not. I am asking the government to put the taxation of parliamentary indemnities on the true basis, exactly on the same basis that they put me as a practising lawyer, where I charge for postage stamps. A practising lawyer charges up every item of expense—telegraph and telephone tolls, rentals, and so on; every time he has to move, travelling expenses are charged up. Nobody could earn income on any other basis if he did not do it in the way I have suggested. But a member of parliament, because of lack of courage of members of parliament in the past—I can only put it in that way—is now legislated into a position which is not only an anomaly but much worse than that. It is cruel to members of parliament to tax them on their expenses in earning their sessional indemnity.

I take a constitutional view of this question, and if it were fought I do not think these indemnities would be regarded as income. I know the only case that has been tried in Canada was one in reference to the salary of a lieutenant governor where it was held that the expenses of the lieutenant governor in entertaining, owing to the position he occupied, were disallowed. The expenses which a member of parliament has to incur are on an entirely different plane.

I should like to impress upon the Minister of Finance and the other members of the government that members of parliament do not object to paying income tax on true income. They do object to paying income tax on gross income, without any allowance for the cost of earning that income. Could I state it in any shorter form than that? That is the principle upon which I base my objection. I did not offer any suggestion this afternoon as to quantum, nor do I now. I suggest that consideration should be given by the government to this whole problem. If they do not want to put it into effect for this parliament, put it into effect for the next one, so that this thing which has rankled in the breasts of members of parliament for twenty-three years, to my own personal knowledge, and about which they have been afraid to move for fear

of criticism, may be rectified. I ask for justice for members of parliament. I am not asking justice for myself in that regard. It does not matter a bit to me; I may not be back in this house. But I should like to see my successor, to whatever party he may belong, who may be a man without private means, in a better position. How can he leave his business in Fredericton, come here for six months of the year and maintain and educate his family as he is bound to do, on $4,000 a year, taxed at the rates in force to-day? The thing just does not add up to common decency, and certainly it is not democratic. I am sure my electors will support the position I have taken. I am sure the electors of this country, if they understand the position, will support any reasonable action taken by the government with respect to this matter. I should like to know of any other class of people in the country who are taxed on gross income. I do not know of any; none comes to mind at the moment.

Mr. ILSLEY: There are hundreds.

Mr. HANSON (York-Sunbury): There may be, but none occurs to me at the moment. If there are others, that is another case of injustice, although of course each case has to be analysed and must stand on its own feet. The debate this afternoon has demonstrated the injustice of the present position, and the government ought to pay heed to what has been said.

Mr. PICARD: I am told that up to the present no member from my province has spoken on this question. While I have no brief to speak for the members from Quebec generally, I thought it would be unfortunate if the committee should understand that we are not interested in such representations as have been made on this question.

I am sure most hon. members from Quebec would be in agreement with much of what has been said during the day. If I understand the situation correctly the indemnity to members of parliament is given in order to permit people without private means to render public service by coming to Ottawa and representing their constituents, people who also take an interest in public affairs and who delegate one man to come here and speak for them. When taxes are collected at the present rates so little is left that it is impossible for most members to maintain the standard of living expected of them. Some hon. members come from remote districts; it is impossible for them to move their families to Ottawa, although they would like to do so, with the long sessions we are having now. So that it is necessary for them to keep up two separate establishments. They must maintain their homes, and on the other hand they must have apartments or other living quarters in Ottawa. I think we must admit frankly that under present conditions many hon. members are forced to live in a way that would not be considered proper in any country for those holding such important posts. I do not think it is fair to expect an hon. member to leave his personal affairs, his profession, his trade or his farm to come to Ottawa, and then have to live meagrely here in a small room, taking his meals in cheap restaurants, in order that he may so reduce his expenses as to leave a little something for his family at home. I do not think that was ever intended when an indemnity was granted to members of parliament.

Take the position of professional men. Formerly, when sessions lasted for perhaps four or five months, it may have been possible for a physician to maintain his practice after a fashion, but now we are here for almost eight months in the year. It is the same with a lawyer. With the exception of those of us who come from Toronto, Montreal, or other nearby places, hon. members do not go home except at Easter, Christmas, and for the summer holidays, so that professional men lose contact with their practice and thus lose their source of revenue. The same thing would apply in the case of a college professor. He could not be here and at the same time carry on his profession out west or down east, so that he has to give it up entirely.

I do not believe it is fair to ask a man to devote his life to public service and not insure him of means at least to live decently, in accordance with the position he occupies in this, the federal capital. I believe it is admitted that three-quarters of our members have to live in a way that is not up to their ordinary standards or commensurate with the duties which they perform here in behalf of the nation. In England, before a small indemnity of £600 was voted a number of years ago, only the landed gentry and people with private means could enter parliament. That was completely contrary to the spirit of democracy, for it meant that people without private means were prevented from representing their people in parliament. After long discussions that difficulty was overcome; an indemnity was provided to permit people without private means to enter parliament. Some way should be found here in Canada so that we shall not return to an era in which only men of private means can sit here. As things are going now, we are heading for that situation. I know many people who are so

discouraged with the present situation that they feel their duty to their own families compels them to leave public life. At present, unless a man has made a fortune before coming here, or unless he has inherited some money, he cannot carry on. I submit to the minister that some way should be found to lighten the burden upon members of parliament, either by exempting from taxation a certain portion of the indemnity, or by allowing an hon. member to deduct the amount of his personal expenses here in Ottawa. Some way should be found to get around the difficulty.

According to what we have heard here to-day from members representing all provinces and all parties, such action should be well received by the people. I know some people say that this is the wrong time to do anything like this, while so many of our young men are making great sacrifices in connection with the war. Of course that has to be considered. It may be said that this would be a dangerous time to take such action, but I do not agree. When the time comes I am going to make the same representations in regard to the salaries of judges. I am glad to know that my remarks in that connection are in accord with views expressed by the labour unions, who have already passed a resolution stating that the judiciary should be able to carry on their duties without any fear of financial difficulty for themselves and their families. If I am not mistaken the same resolution also included members of parliament. So that it is encouraging to realize that at least in some quarters this situation has been recognized. I want to go on record as supporting what has been said in this connection to-day by members who have advocated that relief be granted one way or another to members.

Mr. MAYHEW: I do not think I can add very much to what has already been said, but I wish to go on record as endorsing the proposals that have been advanced by the hon. member for York-Sunbury and others. However, I believe we should look at it perhaps a little differently from the point of view of the advantage it would be to members in the present house. After all, this session is pretty close to an end; I understand there will be an election before very long, so that there may be quite a change in the personnel of this house. Who are they to be? Are they to be the young men who have come home from overseas? Are they to be able to come here and represent their constituents—and probably represent the men alongside whom they have fought overseas? I doubt if they can possibly do so, because it is impossible to break even on the present indemnity.

The way I look at it is this: What class of men are we to have representing us in Ottawa in the future? I think of my own riding, and many others, and then I think of the many young men I would like to see coming here to Ottawa, probably in preference to myself. They are welcome to it this time, and I would be glad to support a younger man. But I cannot ask them to take the risk, because there is not sufficient in it for them.

I wonder how many men in this house who have sons would recommend to them that they make politics their business with the present outlook in that career? Unless there is something more than just a living, I am sure we are not going to ask them to do it. And if we cannot ask our own sons to do it, are we going to ask the sons of other people?

I probably spend more money than some. I know I come a long way from having anything left over, after paying for my accommodation and expenses while in Ottawa. Probably, as the hon. member for Brant has said, the high cost of living has something to do with my expenses; but let me tell the committee that last year I spent forty nights in a sleeping car—and I am not going to spend forty nights in an upper berth, or forty nights cramped up in a lower berth, either, if I can get a compartment. Therefore it cost me a considerable sum of money to come here and to return.

I do not think I am in the poor man's class, nor am I in the rich man's. But for the remainder of the time I have left to me, I think I am entitled to a little bit of comfort. Therefore I think, with the others, that some remedy should be brought about to enable young men to enter this life. When I think of the hon. member for Comox-Alberni (Mr. Neill) I think of a splendid example of what a man can do in public life, when he devotes his whole time to it. And as one of the three members from Vancouver island I regret very much that he has made a definite decision that he is not going to return to this chamber. I say that because the whole island of Vancouver will lose a very valuable servant.

Mr. NOSEWORTHY: As one of the more recent members to come to this chamber, and one who must live entirely on his indemnity, I think I should add a few words to those already spoken. First, to make my position clear, as the hon. member for Brant pointed out, I was under no compulsion to accept the nomination for York South. I may say this, though, that men in that constituency who had given many years to public service—many more years than I had given—were offered the nomination I accepted, and reported themselves unable to accept because

they could not educate their school-age families with what would be left of the indemnity they would receive by coming to Ottawa.

I, myself, would not have been willing to accept the nomination until I had reached an age in life when my family was educated, and as a result some of my family responsibilities had decreased. On what is left of my indemnity, I could not to-day maintain my home in Toronto, and rear and educate my family, and also at the same time pay my bills in Ottawa.

As the hon. member for Brant said, I realize there is some honour attached to being a member of parliament. Unfortunately, however, that honour is not legal tender in the commercial banks of our country.

Mr. WOOD: Honour is greater than legal tender.

Mr. NOSEWORTHY: When I wish to make an instalment payment on the principal sum of a mortgage, or to make an interest payment, or when I wish to pay premiums on life insurance I find that those people insist upon being paid in something more than honour. I can understand that anyone who is in business or on a farm, a type of occupation which could be carried on just as profitably in his absence as when he is there, and from which he might receive an income, might possibly afford to live on what he gets at Ottawa.

But I did not come to public life from one of the better paid professions; I came from the lowly profession of schoolteaching. For twenty years I had worked in that profession, had gained promotion, and had reached a point where I was within a very few hundred dollars of being one of the best paid teachers in Canada. That was my position when I came to Ottawa. At that time I was receiving almost identically the nominal amount we receive as indemnity.

I find that living in Ottawa costs me a considerable amount of money. I am not attempting to overstate what I am saying. I am not like the hon. member for York-Sunbury, an ex-cabinet minister, and I have not yet reached the stage where I insist upon travelling in a compartment. But I find that, while receiving almost identically the same salary I received as a teacher, that salary is worth a thousand dollars a year less to me in Ottawa, as a member of parliament, than the same amount would have been to me as a schoolteacher in Toronto. That is the condition, living on the scale on which I live, in one room in Ottawa, and with most of my meals in the cafeteria, at thirty-five cents each.

In other words, I am paying taxes on at least a thousand dollars I never see, except to pass it out in expenses which I am forced to incur by reason of my work here. And those additional expenses, together with expenses required to get around my riding—and probably to get around some other ridings—are not taken into account.

Mr. ABBOTT: If I may, Mr. Chairman, I should like to say a word. Two hon. members have made reference to an interjection I made this afternoon. Before I proceed, may I say that I think the hon. member for York-Sunbury and most of the other members who have spoken this afternoon and evening have done a real public service by bringing right out in the open and to the attention of the people of Canada the position of members of parliament at the present time. My difficulty in considering this question is and has been—this will explain the interjection I made this afternoon—that the indemnities we are paid to provide for expenses existed in 1940 when I was elected. The only difference between then and now is that we in this parliament of Canada have drastically increased the tax rates on a great many other people besides ourselves.

As has been indicated, we may have been proceeding for a good many years on a false basis, but the fact is that the only thing that has changed since 1940 when I stood for election—I knew then that the $4,000 I would receive would be subject to taxation—is that we have raised the taxes. I find it pretty difficult to convince myself that I should take care of my own case when I am not giving relief to other people who presumably are hit just as hard.

Mr. ADAMSON: What about the cost of living bonus?

Mr. ABBOTT: It is for that reason that I am impressed with the suggestion thrown out by the hon. member for York-Sunbury, that whatever action we now see fit to take to correct our own position should be taken not for this parliament but for the next. We have been here for four years, and during two of those sessions the high tax rates have been in force. This is the first time we have had a full-fledged debate on the matter, the first time we have really brought it to the attention of the people of this country. I for one would hesitate to vote myself what would be in effect a reduction in my taxes, but I am in complete sympathy with the opinions which have been expressed—I am speaking personally—by so many hon. members that we are proceeding on a false basis when we consider the $4,000 we receive as income which should be subject to tax.

Mr. CRUICKSHANK: I presume the parliamentary assistant is aware that some of us who came here in 1940 with a given indemnity have had it doubled since then?

Some hon. MEMBERS: The taxation doubled.

Mr. CRUICKSHANK: It is what you have left, not what you pay that matters.

Mr. BRUCE: Mr. Chairman, I should like to say a word or two in order to associate myself with what has been said so ably by the hon. member for Comox-Alberni, the hon. member for York-Sunbury, the hon. member for Victoria, B.C., the hon. member for Winnipeg North Centre and others. I think they have made out an admirable case that relief should be given to members of parliament. After all, it is not a salary that the members receive; it is supposed to be a sum of money to indemnify the members against losses incurred by their having to leave their businesses to come here. All we ask is that the situation be considered by the Minister of Finance and the government, and necessary relief given.

I am concerned about the type of men who will be induced to run for parliament in the future. Reference has been made to the young men who are serving our country overseas and who will be returning home. Many of these men will be without occupation and some will have a flair and a desire for public service. Will they be able to afford to come to parliament? Will they be able to raise a family in decency, to educate their children and maintain themselves on the indemnity now given?

I would not ask for relief from taxation, but I think it is improper to tax the expenses of members. I hope that no man will be prevented from entering public life for financial reasons. We do not want this house to be made up only of rich men. I think the quality of the house and of the legislation passed would suffer materially if that were the case. I hope that this house will be representative of every class in the community. We must make it possible for everyone in the community who wishes to do so to offer himself for public service. It is true that this is attended with a certain amount of honour, but the member should be free of financial worry if he is to do his duty to his constituents. We want to attract the best brains in the community to the House of Commons, and therefore I hope that the minister will consider the removal of taxation from money paid out in expenses.

Mr. HANSON (York-Sunbury): Before the minister replies I should like to crave the indulgence of the committee in order to speak on the legal aspect of this matter. This has not been touched upon before, and I am going to attempt to clarify the legal position for hon. members. I have before me the Income War Tax Act, office consolidation down to July, 1943, which I believe is the latest edition. If hon. members will look at page 6, part I, section 3, covering taxable income, they will see the following:

> 3. For the purposes of this act, "income" means the annual net profit or gain or gratuity, whether ascertained and capable of computation as being wages, salary, or other fixed amount, or unascertained as being fees or emoluments. . . .

I skip a few lines which I do not think have anything to do with it, and then continue:

> (d) the salaries, indemnities or other remuneration of
> (i) members of the Senate and House of Commons of Canada and officers thereof.

That is a section under which this tax is levied and I call particular attention to the inclusion of the word "net". It is not the gross that should be taxed; it is the net. If I had to stop there I probably would not be able to make out a case, but I call the attention of hon. members to section 5, to be found on page 13 of this consolidation. This section covers deductions and exemptions allowed, and it reads:

> "Income" as hereinbefore defined—

That is in section 3 to which I have referred.

> —shall for the purpose of this act be subject to the following exemptions and deductions:
> (f) travelling expenses, including the entire amount expended for meals and lodging, while away from home in the pursuit of a trade or business.

We are taxed on our indemnity as a trade or business.

Mr. ILSLEY: What makes the hon. member say that? Why does the hon. member say that we are taxed on our indemnities as a trade or business?

Mr. HANSON (York-Sunbury): If you did not tax it as a trade or business it would not be taxable.

Mr. ILSLEY: Under section 3.

Mr. ABBOTT: It is income by the definition.

Mr. HANSON (York-Sunbury): What do you call it under section 3?

Mr. ILSLEY: It is mentioned specifically.

Mr. HANSON (York-Sunbury): It says, "the salaries, indemnities or other remuneration of members of the Senate and House of

Commons." Judges are placed in the same category, but they are allowed travelling expenses free from income tax, are they not?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): Members of parliament are discriminated against in the operation of this act.

Mr. ILSLEY: Members of parliament get their statutory travelling expenses free. That is what the judges get.

Mr. HANSON (York-Sunbury): I do not know exactly what the judges get. I understand that they get a per diem allowance away from home not limited to actual travelling expenses, but so much a day.

Mr. ILSLEY: So much a day.

Mr. HANSON (York-Sunbury): Whether they spend it or not.

Mr. ILSLEY: So do members of parliament.

Mr. HANSON (York-Sunbury): No, they do not.

Some hon. MEMBERS: No.

Mr. ILSLEY: Just a minute, Mr. Chairman. Members of parliament by statute, if they live more than four hundred miles from Ottawa, get $15 a day when travelling to and from the sessions of parliament, and that is not taxable. That is comparable with the judges' allowance.

Mr. HANSON (York-Sunbury): They get it once.

Mr. ILSLEY: Yes, once.

Mr. HANSON (York-Sunbury): I understand that the position which the department takes, and this ought to be clarified by the minister, is that because of certain English decisions they do not classify membership as a trade or calling.

Mr. ILSLEY: As a trade or business.

Mr. HANSON (York-Sunbury): Therefore they deny to members of parliament the travelling expenses that are included in the deductions and exemptions provided for by paragraph (f) of section 5 of the act. That is the legal position they take. I challenge that position and that that law is applicable to Canada. We have no Canadian decision that is comparable with that. That decision in England is not binding here. I should like to see the English statute upon which these decisions are based because, when you examine legal decisions based on particular sections of a statute, you will always find that the statutes are not identical. I have not seen the English statute. I doubt if it is identical with this. It may be. But I suggest this, that on a fair interpretation of paragraph (f) of section 5, travelling and living expenses of a member of parliament while away from home attending parliament are a legitimate deduction and should, as a matter of course, be allowed by the income tax division.

Mr. ILSLEY: I do not know whether there are other members who want to speak on this but I should like to deal with the matter myself at some length, perhaps for fifteen or twenty minutes, if not longer.

I want to make one thing very clear, that members of parliament and ministers, because ministers have been referred to in the discussion this afternoon and evening, are paid exactly what they were paid before the war and are taxed on exactly the same business on which they were taxed before the war. I want to make that very clear at the outset. The only difference in the treatment of members and ministers during the war and before the war is in the weight of taxation, the higher rates of taxation. There is no other difference either one way or the other in respect of either ministers or members. So that what so many members of the house have asked us to do is to change the rules with respect to taxation which have existed from the beginning of the Income War Tax Act or at least for the last twenty years, and I think from the very beginning of the enactment of the Income War Tax Act. They want us to change the rule that applies to the taxation of members of parliament.

Mr. HANSON (York-Sunbury): So as not to perpetuate a wrong.

Mr. ILSLEY: If the hon. gentleman will allow me to proceed. I am afraid that other hon. members are going to interrupt if he does. That is what happened this afternoon.

I bring myself back to what I was saying when I was interrupted. The request is that, because of the weight of taxation, we now alter the rule which has been applied from the beginning. Is that correct or not? Perhaps it will be said: No, that is incorrect. Perhaps it will be said that we are being asked to change the rule now, not because of the weight of taxation, but because the weight of taxation shows the rule to be a bad one. Nevertheless the government and parliament are in that awkward position that while they are applying practically the same rules now to the great body of taxpayers in this country from the Atlantic to the Pacific—certainly the taxpayers that are in our income group such as salary earners all over the country, to whom we are applying the same rules—

Some hon. MEMBERS: Oh, no.

Mr. ILSLEY: We are applying the same rules to them as we were before the war, and we are now asked to change the rules with regard to ourselves. That is the request. Let me give the basis for the rule of taxing the salaries of members of parliament. It may be that this should be changed. That I am not arguing now. I am simply stating the facts because a lot of the facts have been overlooked in the discussion this afternoon and evening. Section 3 of the Income War Tax Act reads as follows:

3. For the purposes of this act, "income" means the annual net profit or gain or gratuity, whether ascertained and capable of computation as being wages, salary, or other fixed amount, or unascertained as being fees or emoluments, or as being profits from a trade or commercial or financial or other business or calling, directly or indirectly received by a person from any office or employment, or from any profession or calling, or from any trade, manufacture or business, as the case may be whether derived from sources within Canada or elsewhere; and shall include the interest, dividends or profits directly or indirectly received from money at interest, upon any security or without security, or from stocks, or from any other investment, and, whether such gains or profits are divided or distributed or not, and also the annual profit or gain from any other source including

(d) the salaries, indemnities or other remuneration of

(i) members of the Senate and House of Commons of Canada and officers thereof.

That has always been interpreted by the income tax division as meaning that when the taxation of wages or salary was being considered the wages or salary constituted the net profit or gain or gratuity which was being taxed, and that certainly applied to salaries, indemnities or other remuneration of members of the Senate and House of Commons and officers thereof.

Mr. HANSON (York-Sunbury): Will the minister allow me? What effect does that ruling give to the word "net"?

Mr. ILSLEY: The word "net" applies to profit undoubtedly and if it is taken as applying to gain and gratuity, it is explained and defined by the following words, "whether ascertained and capable of computation as being wages, salary, or other fixed amount", in which event the net profit or gain or gratuity is ascertained. There is nothing more to be said about it. It is not to be increased or reduced. Then it goes on to say, "or unascertained", in which event one will have to look at the expenses and what it took to earn the income and so on.

Whether that is the correct legal interpretation or not, that is the interpretation which has been placed on that section uniformly ever since the section was enacted, and the income tax division has been very, very careful not to permit from salaries a deduction for the expenses of earning the salary. They have had hundreds of thousands of claims in the course of their administration for just such expenses by persons, for instance, who have had to move from one place to another in order to take a position and who have claimed the removal expenses as part of the costs of earning the new salary; and claims from persons who find it inconvenient, impracticable, in some cases impossible to move their families from where they have been living to the situs of the new job and who have claimed the expenses which they have had to incur at the situs of the new job as expenses in earning the salary. There are multitudinous cases where claims have been put in by wage-earners and by salaried earners, by those in receipt of fixed amounts, all of which are ascertainable and capable of computation, and they have all been disallowed through the years, just as they have been disallowed in the case of members of parliament. They have been disallowed on this ground, I think, that if I take a job in Montreal, and I continue to live in Ottawa, and have to travel from Ottawa to Montreal and have my expenses in Montreal, I must have taken that into account when I took the job, and the salary of the job is presumed to be sufficiently attractive to cover those additional expenses, which are not allowed as a deduction from salary.

It is an entirely different matter if I am engaged in a trade or business. It may be argued that "trade or business" includes profession or salaried occupation; but here again the income tax division have been thoroughly consistent and uniform throughout in ruling that "trade or business" does not include salaried positions; they regard that as meaning trade or business in a different sense. The line is very fine, but they have tried to draw it between what they called trade or business on the one hand, and salary which is not a trade or business on the other. Most unfortunately it seems to run through the railway employees, and that is the reason for the difficulty which the hon. member for Winnipeg North Centre mentioned this evening, and which involves us in this situation, that persons on a mileage basis are regarded as not in receipt of wages, salary or other fixed amount; yet persons on a monthly basis are regarded as persons in receipt of wages, salaries or other fixed amount; and therefore a deduction is allowed under section 5, subsection 3, in the one case and is not allowed in the other case. I mention that to show how difficult it is to draw a line between those in the class of trade

or business where the profit, gain or gratuity is not ascertained and capable of computation, on the one side of the line, and those on the other side of the line where that profit, gain or gratuity is ascertained.

That, as I say, has been the practice through the years. As to members of parliament, I am dealing with the matter just as it is, factually, and not expressing any views as to what ought to be done, and whether the law should be changed. But this is the fact, that all of us who have run elections—I have run them since 1926—have done so on the basis that the income tax division was applying that rule of taxation to the sessional indemnity. I knew at the time I accepted nomination in 1926, again in 1930, again in 1935, again in 1940, that I would get $4,000; perhaps for a few years in the thirties we got less. I knew that I was not entitled to any deduction because of my expenses. The fact that I elected to keep up two establishments, one in Nova Scotia and another one here, was the basis on which I took the position; it was the basis on which I was elected; it was the basis on which I was taxed before the war and through the war, and there has been no change whatever in the basis of taxation.

The question now arises, should that rule be changed? If it is to be changed there are two ways in which this could be done. We could make a special case for representatives of the public; and I do not think we can confine it to elected representatives of the public, I think it would have to apply to members of the senate and, of course, to members of upper chambers. There is an upper chamber in one of the provinces. I think it would certainly have to apply to members of the lower chambers in the various provinces. Also we have had complaints from municipal councils whose members have to be away part of the time to attend municipal council meetings; they have claimed some deduction as well. I do not think we could apply it to this house alone. Nobody this afternoon had his mind on any body of persons but the body of persons within these four walls.

Mr. HANSON (York-Sunbury): They did not mention it, but we all recognized it.

Mr. ILSLEY: Nobody mentioned anybody else.

Mr. McGEER: Nobody suggested for a moment that this adjustment should be limited to the House of Commons.

Mr. ILSLEY: Nobody mentioned anything else.

Mr. McGEER: I dealt with the incomes of the lower brackets.

Mr. ILSLEY: The hon. member for Vancouver-Burrard mentioned the exemptions for the lower brackets, but without any application whatever to allowance of expenses.

Mr. HANSON (York-Sunbury): I think we all had in mind that they would have to be treated as a class.

Mr. ILSLEY: All right.

Mr. ADAMSON: I mentioned the taxation in Australia, I think, as being specifically—

The ACTING CHAIRMAN (Mr. Golding): Order. I believe every hon. member is anxious to conduct the debate in an orderly manner, and I ask the cooperation of the members in respecting the rules regarding debate. In Beauchesne, 2nd edition, page 103, I find citation 312, as follows:

> Whilst a member is addressing the house, no one has a right to interrupt him by putting a question to him, or by making or demanding an explanation. A member will at times allow such interruptions through a sense of courtesy to another, but it is entirely at the option of the member in possession of the floor to give way or not to an immediate explanation.

I hope hon. members will try to abide by this rule.

Mr. ILSLEY: What I was saying is that there are two ways, if anything is done in this matter, by which it can be handled. One is to make a special case for members of public bodies, and the other is to make a somewhat far-reaching change in our income tax system. Speaking only for myself, I am not enthusiastic about making a far-reaching change in our income tax system, because I do not see much wrong with that system at the present time or the rule upon which it has operated through the years.

Mr. CRUICKSHANK: Will the minister permit a question?

Mr. ILSLEY: Mr. Chairman, I prefer not. I find that when I am interrupted I cannot, for some reason, swing back to where I was when I was interrupted. I have listened to everybody—

Mr. CRUICKSHANK: May I question the minister when he is through?

Mr. ILSLEY: Yes.

The ACTING CHAIRMAN (Mr. Golding): The minister does not wish to be interrupted.

Mr. ILSLEY: It is all right for the hon. member to ask his question when I am through.

I said, I think, that speaking for myself I would shrink from taking a step which would mean a fairly far-reaching change in the prin-

ciples of the taxation system as laid down in that section and adhered to all through the years. Certainly it is a matter to which very careful attention would have to be given, because there is no essential injustice that I can see in the principles of the system as they exist. It may be that a special case can be made. It may be on the ground that the getting of young men into public life is so important, or because the indemnity is not very generous compared with the indemnity in the United States, and because it is not an attractive career financially—it may be that for reasons like that we ought to apply a rule here which we do not apply outside throughout the length and breadth of the country. But through this war I have thought that we should be terribly careful before we did things like that.

Since the fall of 1941 we have had in effect a ceiling policy with regard to wages, salaries and prices. It has been a bitter fight to try to hold those controls. We are told, when we warn about the dangers of inflation and great and vast price rises, that these can be controlled: "It is evident that they can be controlled, because you controlled them". It has been a most unpleasant and disagreeable task trying to control these things, and we have made all kinds of enemies in doing so; but the fact is that those who were in receipt of certain salaries in the fall of 1941 are for the most part in receipt of the same salaries, and yet we have moved in on them with higher and higher taxes until they are caught between the salary ceiling on one side and high taxes on the other. The general principle of war finance in that respect has been that those upon whom high taxes have been placed should really bear high taxes. They should not be enabled in some way or another to get higher remuneration of one kind or another in such a way as to leave themselves in just as good a position as before, to have their standard of living in the same shape as before. We thought that was necessary, being in the straits we were in so far as the war is concerned. We must be careful that those who are caught in that vise of high taxes and frozen salaries will not say to us, the representatives of the people: "You found an out for yourselves by the simple device of freeing a part of your salary or indemnity from taxation." I should not call it salary, because it is not a salary, but it is treated in the act, so far as I can see, just as if it were.

Mr. JACKMAN: If we treated it as a salary we would be allowed cost of living expense out of it.

[Mr. Ilsley.]

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. JACKMAN: He allowed me to say that.

Mr. ILSLEY: The hon. gentleman will develop that later, I hope, because if it were treated as salary then certainly—

Mr. JACKMAN: Covering a trade or business, I understand.

Mr. ILSLEY: That is a different matter. A trade or business is something that yields a profit, which is quite different from a salary. If this were treated as salary it certainly would not be subject to deduction for expenses such as is asked for to-day; that is, if the universal ruling of the income tax division has been correct. I am merely placing these considerations before the committee. I do not think I have shied from this problem from lack of courage. I have been accused of that this afternoon most roughly, while, on the other hand, certain members have been most kind, and in that regard I wish to mention particularly the hon. member for Trinity (Mr. Roebuck). Certainly I have not shied away from it through lack of courage, because I have had to do a great many unpopular things in the last three or four years and I have not refrained from doing them if I thought they ought to be done. I have been, however, very hesitant about this, out of a sense of responsibility, as the hon. member for Trinity observed; and I think we must all have that sense of responsibility. The confidence of the public in their elected representatives must be maintained, and we must not do anything which would give rise justifiably to the accusation that we are treating ourselves better than we are treating the heavily taxed, patriotic public of Canada. If anything is done about this—and I am not shutting out the possibility of it at all—I do not think it should be done for the members of the present parliament. I am giving that as my personal opinion. If I change my mind on that I shall simply have to say that I have changed my mind, but I do not think it should be done on behalf of the present members of parliament. Most of the arguments to-day have been that the reason for the change is to provide that persons coming into parliament in the future, persons now in the armed forces and elsewhere, may find that it is financially possible for them to do so. That consideration at least will be weighed if any change is made with respect to members of another parliament.

Mr. CRUICKSHANK: I wish to ask the minister a question or two, and I think I speak for the house when I say that we appreciate his frank expression of opinion. It was exactly what most of us expected him to say. First of all, I wish the minister would inform me whether any ruling has ever been given by the deputy minister of taxation, stating that members' indemnity is not subject to taxation.

Mr. ILSLEY: The answer is no.

Mr. CRUICKSHANK: I should like to give this as a notice of motion, so to speak, because we have that letter. I wish the minister would check up on that and find out if that ruling has ever been given. When he is giving his answer, will he give an explanation for the change in that ruling. That is the first question. I appreciate the fact that he cannot answer it offhand and, as I say, I am giving this as a notice. The second question can also be regarded as a notice, because the minister probably has not the information here. I should like to know whether any of those who are commonly known as dollar a year men, lent by different firms to various departments, have been allowed to deduct living expenses from their income tax? If the minister cannot answer that question offhand I should like to get the answer later.

Mr. ILSLEY: I think I know the story about dollar a year men.

Mr. HANSON (York-Sunbury): What about the first question?

Mr. ILSLEY: The first question was whether an opinion had ever been given that indemnities were not subject to income tax. The answer is no. I have never heard of such an opinion.

Mr. CRUICKSHANK: I did not ask whether the minister had ever heard of it. There are many records that he has never heard of. I asked whether a ruling had ever been given by the deputy minister of taxation to the effect I have stated. I do not expect the minister to answer that question now; I simply want to find out whether such a ruling has been given by the official in question, that indemnity is not subject to taxation. I have seen the letter. I cannot produce it now; I do not happen to have it. If any of the hon. gentlemen around me are satisfied with the present rate they can speak for themselves, but I know I am speaking for a good many members of the house. The other question is this: Are what are commonly known as dollar a year men, on loan to departments, paying income tax on their per diem expenses, living expense amounting to $20 or $25 a day, or are they allowed to deduct that? I do not ask the minister to answer that now.

Mr. ILSLEY: I can answer both questions. The answer to the first is no. The deputy minister of taxation is sitting before me; I am touching him now—

Mr. CRUICKSHANK: Do not touch him too heavily.

Mr. ILSLEY: —and he tells me that he has never given such an opinion. In regard to the second question, with reference to so-called dollar a year men taxed on a per diem allowance, the answer is yes. If the hon. gentleman says, was there ever a case where they were not—

Mr. CRUICKSHANK: Be careful.

Mr. ILSLEY: I do not have to be careful I know there have been cases where they were not, and I covered that whole situation in 1940 and 1941. I made a statement in the house on it and put it in the bill. I think it was in the act—

Mr. KNOWLES: Last year.

Mr. ILSLEY: —covering the whole situation, and gave the reasons for it. The situation was that some came in on the understanding that it would be taxed and others came in on the understanding that it would not be taxed. For a period we made good our undertaking with respect to those by whom it was understood that it would not be taxed.

Mr. CRUICKSHANK: I thank the minister for his explanation, with which I do not agree entirely, for it is not in accordance with the information that was given me by the chairman of the committee, who fought out this matter last year and who produced the letter. That hon. gentleman does not happen to be here at the present time, so that I accept the minister's explanation. You need not read the rule to me, Mr. Chairman; I do not want to be ruled out of order every time I ask a question, but the minister's explanation is not in accordance with the letter I was shown. I want the minister and his deputies to be very careful about this. Do I understand now that in 1942 or 1943 no one was allowed to deduct his living expenses, under written authority from the deputy minister? That is a straight question. If the minister would prefer to have it stand as a notice, I am quite prepared to do so. I am asking him if no one was allowed to deduct living expenses in connection with his 1942 or 1943 income tax. I believe the minister has been misinformed by his deputy.

Mr. ILSLEY: The answer I gave in that regard was not based on anything told me by the deputy; that is in regard to the so-called dollar a year men. My answer to that question was based on my own knowledge of the situation. I covered the whole thing in the house last year by legislation. What was done in administration after that, of course I do not know.

Mr. CRUICKSHANK: I accept the minister's explanation; in other words, the deduction was allowed. I know it was.

Mr. ILSLEY: Well, I do not have any reason for knowing that.

Mr. CRUICKSHANK: I do. Hon. members need not come in from behind the curtains. I am prepared to stay here, in spite of the provincial election campaigns, even if other hon. members are not. I should preface my next question by saying that I appreciate the fact that the minister cannot give special consideration to certain classes, members of parliament, commercial travellers or anyone else, without changing the whole system of income tax collection, but what I am going to ask has been referred to by several hon. members to-day. Will the minister not agree that action could be taken by giving members of parliament the same consideration in regard to motorcar allowance that is given cabinet ministers, without interfering with the general income tax law. That is a straight question. The minister has very ably brought in the situation of the salaried worker, the man here and the man there in receipt of salaries. The minister asks why we should bring some special benefit only to ourselves. In other words, for the sake of the newspapers, and the bad publicity we might receive, we must discriminate against ourselves; we must always consider these men on salaries. I am asking the minister if he will not give us this consideration, which will not interfere with the general income tax law. I ask him if a member of parliament could not be permitted to regard $2,000 of his indemnity as a motorcar allowance. I am informed by some of the best lawyers, both in this chamber and in the other place, that this could be done without interfering with any existing legislation. The other question I should like to ask the minister—

Mr. ILSLEY: Do not go so fast. With regard to the motorcar allowance I repeat what I have stated before, that ministers have been taxed during the war on exactly the same basis and in exactly the same way as they have been taxed ever since the motorcar allowance was put into force, in 1932 or 1933. Of course, if this parliament wish to carve out part of the indemnity of hon. members, call that a motorcar allowance and make it free of taxation, there is nothing to prevent it from doing so, but the same considerations apply in that connection as apply to setting apart a portion of an hon. member's indemnity as a living allowance.

Mr. HANSON (York-Sunbury): That would not be meeting the situation squarely.

Mr. ILSLEY: No.

Mr. CRUICKSHANK: I appreciate the minister's remark; but if parliament does not want to do that, then parliament has no complaint and certainly I have no complaint, for the majority must rule. I want to make my point clear. I am not complaining about the salaries of the cabinet ministers. At least five of them could make four times what they are receiving now if they were in private life, so that I have no complaint whatever about their salaries. I am asking why we, as private members, who do more running around in one month than any cabinet minister does in seven, should not be entitled to have half our indemnity classed as a motorcar allowance. The best lawyer we have in British Columbia, one of the best in Canada, who sits in that other chamber I am not allowed to mention tells me it can be done. Why can we not have $2,000 of our allowance classed as a motorcar allowance? If the minister says that he is agreeable, nothing in this world can stop it. If he is agreeable, it will be law to-morrow.

Mr. ILSLEY: If the hon. gentleman is serious—

Mr. CRUICKSHANK: I am serious.

Mr. ILSLEY: To put the position of the member on the same basis as that of a minister, a car allowance would have to be voted in addition to the indemnity. The indemnity could be reduced—

Mr. CRUICKSHANK: That's it.

Mr. ILSLEY: —if hon. members wanted to reduce it; but the allowance would have to be voted in addition to the indemnity, and if it were voted in addition to the indemnity and were put in statutory form it would be free of taxation. But just the same you would be changing, during the war, the basis of pay and the basis of taxation that existed before the war.

Mr. CRUICKSHANK: Would you be agreeable to that, then? Would the minister be agreeable to having our indemnity reduced by $2,000, and having $2,000 voted as a motorcar allowance?

Mr. HANSON (York-Sunbury): That would be doing indirectly what we should do directly.

Mr. McGEER: Will the minister agree to do it if a resolution is passed by the house?

Mr. ILSLEY: A resolution—

Mr. McGEER: Take your whip off and let us resolve on it.

Mr. ILSLEY: Under our constitution a resolution for the expenditure of money cannot emanate from the house.

Mr. McGEER: It can if you introduce the resolution.

Mr. ILSLEY: It certainly can.

Mr. McGEER: Then why not do it?

Mr. ILSLEY: That was not the question the hon. gentleman asked.

Mr. McGEER: I asked if you would do it if the house passed a resolution. Your answer was that no private member can offer such a resolution, that it has to come from the treasury benches. You could introduce it yourself.

Mr. ILSLEY: The hon. gentleman is simply asking whether the government will—

Mr. McGEER: Bow to the expressed will of parliament.

Mr. ILSLEY: I do not know just where it has been expressed.

Mr. McGEER: You have heard it from all over this chamber to-day.

Mr. ILSLEY: The hon. gentleman made a sharp turn there. First he asked whether, if this parliament passed a resolution, the government would carry it out. I am pointing out to him that only the government could introduce such a resolution. Then the hon. gentleman switches his position and says, "Will you introduce the resolution?"

Mr. McGEER: But my sharp turn was only to catch up to your circle.

Mr. ILSLEY: It is doubtful whether the hon. member caught up.

Mr. McGEER: Well, anybody who catches up to the minister on a sharp turn will have to go fast.

Mr. JACKMAN: The dilemma in which the government seems to find itself may be resolved, if I can put before the committee the following, which I shall attempt at least, by way of two propositions. First of all, the effect of increased taxation since the war where the expense allowance is not incurred, or is not an actual expense. That is the first proposition I wish to illustrate to the committee. Second, where the expense is incurred, but where there is no deduction in arriving at the net taxable income, after allowance for expenses.

The first refers to the motorcar allowance of the ministers, and the second refers to the predicament in which hon. members find themselves. The ministers receive $2,000 as a statutory motorcar allowance. As to the justice or injustice of that, I shall not say anything at the present time, except that probably some ministers cannot spend that $2,000 to-day. They cannot replace their cars, and cannot use very much gasoline.

Mr. HANSON (York-Sunbury): The ministers can; they have a high rating.

Mr. JACKMAN: If they are patriotic—and I would assume they are—they cannot. Most of the ministers cannot possibly spend $2,000. This $2,000 is not $2,000 any more; it is now $6,000. The ministers get their ordinary indemnity of $4,000, and a salary of $10,000, making $14,000. If a man in that bracket wishes to get $2,000 extra which he can spend, he has to get an additional $6,000, or a total of $20,000, in order to have $2,000 extra above the $14,000.

Therefore that $2,000 has become magnified into $6,000, because of war taxation. Now, then, what is the obverse of that, namely, the condition in which members find themselves? It is simply this, that members get along on the $4,000 indemnity prior to the war, even with, let us say $1,500 expenses. It might be said to be $2,000 of legitimate expense, which had nothing to do with the cost of elections. Those were simply out-of-pocket expenses in connection with being in Ottawa and earning an indemnity. We will say it was $1,500. But we now find that the tax on this $1,500, which $1,500 we do not retain, has risen from year to year, so that the tax is $750 on something we do not get.

Therefore we may say that whereas we received $4,000 in years prior to the war, on which we paid a negligible tax, and which was available for members with which to keep themselves both here and in their constituencies, they now find that they have $1,500 of expenses, and on that expense, being bracketed between $2,500 and $4,000, there is a tax of approximately fifty per cent, or $750.

So that the ordinary member who is relying on his indemnity has $4,000 gross, and $1,500 as expenses, reducing it to $2,500. And on that $1,500 expense is a further tax of $750. He has about $1,750 left to keep himself. So that you have a position where the minister getting $2,000 more as an allowance, is to-day getting the equivalent of $6,000, whereas the

member who was paying out a certain amount of money, for which he got no allowance or reduction at all, finds that the taxation on that expenditure has gone up from nothing to $750, and his situation in those circumstances has been rendered more difficult.

The parliamentary assistant said that he knew he was going to get $4,000 when he was nominated to come here in 1940. That applies to all of us. It was possible at that time, probably, for us to live on that amount. But to-day it is impossible, with the incidence of heavy taxation, to live on what is left. So that no poor man can possibly live on what is left, and members of the house are in the position in which no other worker, whether he be a wage-earner or a salaried man finds himself to-day. If the minister has any information to the contrary, I should like to have it.

This is a situation which cries out for some alleviation—I might almost say cries out for mercy. But, whether or not anything is done for us this year makes very little difference. I might say just this, that the hon. member for Comox-Alberni has said that in coming here he was out to the extent of $575, I believe it was, each year, taking $1,000 off his election expenses, which he paid. I paid my own election expenses, with the exception of $800, which was provided by friends—

Mr. FRASER (Northumberland): Oh, oh.

Mr. JACKMAN: —and unsolicited, may I say to the hon. member for Northumberland, Ontario. I find myself serving, after taxation, at a net loss, each year. That will not influence me in making up my mind as to whether or not I shall run again, but it is unfair to a general class of people who might accept nominations to enter the House of Commons. If they were given some relief from the present situation, whereby they got part of their indemnity allowed for expenses, more citizens would be encouraged to offer themselves for parliament.

The situation is just as difficult for members as it is easy for ministers of the crown.

Mr. KNOWLES: I should like to ask a question of the minister.

The ACTING CHAIRMAN (Mr. Golding): The hon. member for Peterborough West has the floor.

Mr. FRASER (Peterborough West): I was not going to speak on this subject. When that discussion has concluded, I shall speak on the item.

[Mr. Jackman.]

Mr. KNOWLES: I have a double motive in the question I am about to ask the minister. While he was speaking he said, if I remember correctly, that during the period of the war there had been no change in the application of the rule with regard to deductions for expenses from certain kinds of income. As an example he quoted a case to which I had referred, namely, the distinction drawn between sleeping-car conductors and sleeping-car porters on the one hand and trainmen, firemen, engineers and train conductors on the other. He pointed out that the interpretation given by the income tax division with respect to this rule ran right through a trade in this instance. I regret I have not my files before me, so that I cannot give the year in question, but I know that Canadian National Railways sleeping-car conductors in Winnipeg were allowed these deductions at one time. I believe they were allowed them up to the taxation year 1941, and possibly the year 1942. I cannot say as to the latter. But a change has been made in their case.

I believe the change came about in this fashion, that the Winnipeg office allowed a deduction in those earlier years, but that more recently, either last year or this year, the allowance made in Winnipeg was rejected by the head office at Ottawa. In any event it appears, if my information is correct, that there was a change made in the application of rules, so far as Canadian National sleeping-car conductors are concerned.

I said earlier that I had a double motive in asking my question. On the one hand I am interested in the subject which has been before the committee this evening, and I am asking whether, if a change has been made in one case, why it cannot be made in another. I am also anxious to know if that change was made, and, if so, why it had to be made to the detriment of this particular group to which I have referred.

Mr. ILSLEY: The deputy minister tells me that it was merely a correction of error in bringing the treatment of certain employees in line with the treatment of others in Canada.

Mr. HANSON (York-Sunbury): There was an error before?

Mr. ILSLEY: There was an error in one of the local offices.

Mr. HAZEN: Has there been a legal opinion obtained on the Income War Tax Act as it affects the indemnity of members of parliament? Has an opinion been obtained either by the minister's department or the

Department of National Revenue from the Department of Justice or any other legal branch of the government?

Mr. ILSLEY: Yes.

Mr. HAZEN: Would the minister have any objection to putting that opinion on the record? I am thinking particularly of section 3 which says that income means the actual net profit or gain or gratuity. To me it is puzzling.

Mr. ILSLEY: I do not think my department ever got any such opinion, but I believe the Department of National Revenue did. I do not think opinions ordinarily are produced unless the government has no objection and I shall have to talk the matter over with my colleague, the Minister of National Revenue.

Mr. HANSON (York-Sunbury): I would rather press the minister to give us that opinion if there is no insuperable objection. I should like to say one word with respect to the suggestion emanating, I believe, from the hon. member for Fraser Valley that, by means of a regulation or some other method, $2,000 of the indemnity could be treated as a motorcar allowance and the indemnity reduced accordingly. I hesitate to associate myself with a move of that kind, because that would be doing indirectly what you were refusing to do directly and I do not like that approach. I do not like the suggestion and I would not favour it.

Mr. FRASER, (Northumberland): I do not wish to prolong the debate in connection with sessional indemnities, but I should like to make one or two observations. Apparently this afternoon I made the statement that the minister lacked courage, and I want to say that that was in reference only to this particular question. A woman may be very much afraid of a mouse but still have the courage to face death.

Mr. HANSON (York-Sunbury): Or her husband.

Mr. FRASER (Northumberland): Or her husband. This is just a case of not having the courage to face this matter. I would be the last one to insinuate that the Minister of Finance has not plenty of courage. I do not suppose there has ever been a minister of finance who has been faced with problems that demanded as much courage as those faced by the present minister. I have no intention of making any reflection upon his courage, except as I said a minute ago.

It is galling to members of parliament when they see these controllers and government officials who are appointed not by the civil service commission but by orders in council, ex-bank managers, ex-brokers, chaps who have been square pegs in round holes, many of them receiving far more than members of parliament and working only five days a week and about six hours a day. They are travelling to and fro all the time cluttering up our trains. As was mentioned by an hon. member across the floor to-night, they receive living allowances that are not taxed. I do not think we should blind ourselves to that fact.

Some of us who have spent a part of our lives doing what we thought was the proper thing in connection with public service should not be blamed for prolonging this debate this afternoon and evening in order to place before the public the exact financial position of members of parliament. I think I can say without fear of contradiction that not one voter in a hundred realizes that a member of parliament pays his own living expenses in Ottawa, and, in many cases, maintains two homes.

The minister has stated that to do what is suggested would constitute a change in the application of taxation during the war, but the hon. member for Rosedale pointed out that war-time taxation has changed the whole picture. It has shoved many members into different brackets, and it leaves many members with very little with which to maintain their homes or with which to pay their expenses in Ottawa. I think the members have a justifiable case, and I suggest to the minister that he scrutinize carefully the whole matter. As I said a minute ago, there are many officials of the wartime prices and trade board who are running around the country like Greyhound buses and who are allowed living expenses exempt from taxation.

I rose simply to make those two observations, the one in connection with the Minister of Finance and the other to point out that we have a justifiable case. I do not think there will be any change, because I believe the minister has made up his mind, but we have served a purpose by informing the people across Canada that members of parliament are at least not overpaid. We have made it known to the voters of this country that we pay an income tax on our expenses in Ottawa, which means that in effect we pay $2 for every $1 we pay to a hotel.

Mr. ILSLEY: While I was speaking I did not say one word to indicate that I had any appreciation of the difficulties of hon. members, but I certainly have a deep appreciation of those difficulties. I know it is very hard for some hon. members. I was dealing with

the thing on a historical or factual basis, but I did not say that some change should not be made. However, my present belief is that it should not be made for the present members of parliament.

Mr. FRASER (Peterborough West): If hon. members are all through I think it would be wise if we got down to the first item. When hon. members were talking about their indemnity I was surprised that they did not mention the fact that for the last month we have been suffering from the heat in this chamber. It has been almost 100 degrees in here every day and we have had to put up with it. That temperature obtained not only in the chamber but also in the committee rooms and offices. When you went into them in the morning the temperature was almost unbelievable.

Mr. CRUICKSHANK: It is pretty hot in Africa.

Mr. FRASER (Peterborough West): It is not from the speeches; it is the heat of the building. The first resolution deals with the refundable portion, and the last two lines read:

> . . . and that for 1945 the total tax on individuals be reduced by the full amount of the refundable portion thereof, less credits for savings.

Why should "credits for savings" be in there if there is to be no refundable portion? What are you going to take out?

Mr. ABBOTT: It is really a technical explanation. Section 7A provides for the deduction from the aggregate tax of payments into any superannuation, retirement or pension fund, premiums on life insurance policies and so on. The section makes no difference, so far as the deduction is concerned, between the pure tax and the compulsory savings. In fact, the whole tax is classified as tax. So that if you are taking out a portion of the tax which represents the refundable portion, which is half the tax in the case of the smaller taxpayers and a maximum of ten per cent in the case of the higher taxpayers, you must at the same time deduct the insurance premiums, superannuation and mortgage payments which the taxpayer would otherwise be entitled to deduct as well from his tax. It may be that in revising the section of the law for 1945, another section may be drafted, eliminating this reference to deductions on account of particular savings. It is purely a technical matter. In allowing the removal from the total tax of the savings portion you have also to eliminate the provision for taking members of the house this session. What I credit for the voluntary savings such as life insurance premiums and mortgage payments made by the taxpayer.

Mr. FRASER (Peterborough West): It is misleading to the taxpayer.

Mr. ABBOTT: I agree. It misled me when I read it first and I had to ask for an explanation from the officials. The resolution is misleading, but my hon. friend will find that it will be made clear when the legislation comes down.

Mr. FRASER (Peterborough West): The resolution reads, in the first part:

> That for 1944 the total tax on individuals be reduced by one-half the amount of the refundable portion thereof, less one-half credits for savings.

Do these savings have to come in the first half of the year, or can they be spread over the whole year?

Mr. ABBOTT: They are spread over the whole year. The tax period is the twelve months period. The savings, therefore, are the savings which are made during the tax period. In other words, if your mortgage payment happens to fall due on November 1, it would still be available but only to the extent of one-half in the year 1944.

Mr. HANSON (York-Sunbury): A different impression was left on my mind by the minister's budget speech. I am glad to have that point cleared up, because I had the impression that the thing automatically stopped on the first day of July and that you could only offset against that, accruals in the form of mortgage payments, life insurance premiums and so on that occurred in the interim. But the parliamentary assistant has made that quite clear. I think that is a concession.

Mr. ABBOTT: I think the misunderstanding arose because it is the withholdings which are cut from the first day of July.

Mr. HANSON (York-Sunbury): May I ask if the department will give consideration to the suggestion I made with respect to the assignability of this amount to the credit of taxpayers by a husband and wife to one another and to dependents. I think that is a reasonable suggestion and should be complied with. I am not going to argue the reasons for it since I have already given them as simply and as concisely as I could. I do not think there could be any valid objection to doing it, and I can see quite a good deal in its favour.

I do not want to take up the time of the committee, but with respect to the question that we have debated all day the Minister of Finance did not quite close the door, but gave it as his opinion that he was not favourable to giving any such consideration to the

members of the house this session. What I should like him to say to the committee is that he will review with his colleagues the debate that has taken place here to-day, give it sympathetic consideration and see if something cannot be done to alleviate the situation which members universally feel demands some kind of relief. I believe that the membership of this house is 100 per cent in favour of some kind of relief being given. That is the last word I have to say on it.

Mr. ILSLEY: Mr. Chairman, I will review the debate to-day with my colleagues and with the government give the requests that have been made consideration.

Mr. HANSON (York-Sunbury): And you will let us know?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): That is fair.

Mr. JACKMAN: Does the minister know of certain other cases where there is an item of expenses that could be a proper deduction in arriving at the true income which was taxable? He rather implied that in the debate this afternoon. I cannot recall any such cases myself. It must be admitted that members have to incur expenses before arriving at the true income from their indemnities. Are there somewhat similar cases? I thought we were exceptional.

Mr. ILSLEY: There are the cases which I put. There are many cases where persons at least have argued that they have to incur expenses in order to earn the salary that they are paid.

Mr. JACKMAN: Are they as clear as our case?

Mr. ILSLEY: I would think just as clear, yes.

Mr. JACKMAN: What are they?

Mr. ILSLEY: Their case is not quite as clear as some members think, because these expenses that are incurred are living expenses, and living expenses ordinarily are not regarded as expenses in earning an income. I am not making any statement to-night as to what the law is. I am simply going on what the uniform interpretation has been by the income tax division. Even they may have been wrong; I do not know. I think opinions have been given by lawyers that the expenses could be deducted because members of parliament were similar to a trade or business, or for some other reason. But even if that hurdle were taken, the question remains whether hotel expenses and restaurant expenses and room expenses that a person incurs are expenses incurred in earning the indemnity. I suppose that, strictly speaking, a member could change his place of residence during the time of the session if he wished to do so.

Mr. HANSON (York-Sunbury): That would not help him at all.

Mr. ILSLEY: No.

Mr. KNOWLES: I should like to ask a question with respect to this item. The minister has indicated that the withdrawal of the compulsory savings feature will result in an annual loss of revenue to the government of about $110,000,000. That would seem to indicate that there has been some figuring done about this, and I am wondering if the minister can give any break-down of that $110,000,000 among the various income brackets.

The reason why I ask that question is this. The minister and the Minister of Justice, in opposing the idea of raising the income tax exemption levels, pointed out, and I say quite rightly, that unless you make adjustments in the tax rates it would mean a greater saving to those in the upper income brackets than to those for whose benefit the proposal was made. The point we tried to make was that if you raise the income tax exemption levels you would have to adjust the rates in the upper brackets, and we asked that that be done. The minister has made it clear that it was not his policy to give greater relief to those in the upper brackets than to those in the lower brackets, and I am wondering if he can tell us how the two classes would be affected here. Is it not the case—or has he figures to refute what I am saying?—that the greater part of this $110,000,000 of relief will go to those in the upper income brackets?

Mr. ILSLEY: It would be very hard to make an estimate as between income groups. Everyone who is acquainted with the matter believes that it is the taxpayers in the highest income groups who have the offsets.

Mr. HANSON (York-Sunbury): That is what I tried to suggest.

Mr. KNOWLES: That may be. That is the reason why I was asking whether the minister had the figures or not.

Mr. ILSLEY: I think it is true that after you hit a certain medium income taxpayer, for the most part the people above that are not having any compulsory savings deducted, because it is covered by insurance premiums and payments of that kind. Therefore the cash benefit of removing the compulsory savings is, we think, largely in the low income groups.

Mr. HANSON (York-Sunbury): That is the theory I advanced myself—although, of course, I had no data to come and go on—for the same reason the minister is now giving. I should like to point out that it is coming under my observation that old people nearing the age of sixty-five, in the higher income tax brackets, who have no mortgages against their property and no life insurance, have to pay up, and I have the most strenuous objection from that class. I have an instance in my own connection of a lady who most strenuously objected to this income tax because, she said, she would never see the money; she hated to pay it, and she was not going to buy any victory bonds because this money was being taken from her. After all, it is just a guess on the part of the department and the minister. There is no calculation.

Mr. ILSLEY: No.

Mr. HANSON (York-Sunbury): But that is the theory, based on the reasons which have been suggested. All right.

Resolution agreed to.

2. That dependents as referred to in the said act be extended to include parents-in-law, grandparents-in-law, brothers-in-law, sisters-in-law, sons-in-law and daughters-in-law in the same circumstances and subject to the same conditions as parents, grandparents, brothers, sisters, sons and daughters respectively.

Mr. HANSON (York-Sunbury): I should like to know what considerations actuated the minister in bringing in all this "in-law". I remember pleas made here last year, and probably in previous years, for the mother-in-law, and in a good many cases there was a great deal of merit in those requests. But why in the world should a taxpayer be permitted an allowance for his son-in-law unless it can be shown that he cannot support himself? I do not believe anybody ever asked that this long list of exemptions be added. My recollection is that it was the older people who could not support themselves and had to be supported by in-laws for whom consideration was being asked. When you get down to sisters-in-law, sons-in-law and daughters-in-law I think you are going the limit. I am willing that the older people should be taken care of, that an allowance should be granted to the taxpayer for his mother-in-law or his father-in-law or his grandparents-in-law, but I think the minister owes us some explanation for having taken in sons-in-law. If I had a son-in-law who could not support himself I would kick him out and make him go to work; that is what would happen to him; and to give a tax exemption for a son-in-law, unless there is some specific class of reasons of which I am not aware, seems to me objectionable. I believe every hon. member who gives consideration to the clause will say that this is opening the door too far.

Mr. ILSLEY: I am half convinced by what the hon. gentleman says. These are made parallel to the—

Mr. HANSON (York-Sunbury): For the sake of uniformity.

Mr. ILSLEY: —parents, sisters, sons and daughters. I should like to let that stand, to consider that "sons-in-law."

Mr. HANSON (York-Sunbury): You have gone too far, I think.

Mr. COLDWELL: Does it not say, "subject to the same conditions"?

Mr. ILSLEY: Oh, they have to be dependent.

Mr. HANSON (York-Sunbury): Dependent sons-in-law.

Mr. ILSLEY: That is my trouble.

Mr. COLDWELL: May not a son-in-law be an invalid?

Mr. HANSON (York-Sunbury): He might.

Mr. COLDWELL: Is not that the idea?

Mr. ILSLEY: Let it stand.

Mr. HANSON (York-Sunbury): What we wanted to do was to take care of the poor old mother-in-law. That is what we were trying to do before.

Mr. FRASER (Peterborough West): With regard to "brothers-in-law, sisters-in-law, sons-in-law and daughters-in-law," after this war, in fact at the present time, a great number of these people are or will be between the ages of eighteen and twenty-one. Under item 2 of the 1943 tax form I find it says, "son, daughter, grand-child, brother or sister between eighteen and twenty-one years of age any time in 1943 who attended a secondary school or university or other educational institute during that year." There might be such cases, and there is no doubt that they should be looked after, because the son or the daughter might be overseas.

Mr. HANSON (York-Sunbury): Well, the state is looking after those.

Mr. FRASER (Peterborough West): It may be looking after them, but there are many cases where boys and girls have returned, and

in the event of the death of the husband there should be some consideration given, for educational purposes.

Mr. KNOWLES: Before you leave the item it seeems to me that this is the only resolution among the number before us on which I can ask a question which was raised by at least three hon. members during the debate on the budget motion; I refer to the question of an allowance to parents of student nurses under the reference just quoted by the hon. member for Peterborough West with regard to educational institutions. It is a matter about which I wrote some time ago to the Minister of National Revenue and also to the Minister of Finance, and as I say, other hon. members joined me in speaking about it during the main debate; they are not in the chamber just now, or I am sure they would support me in asking this question. I know the answer that is made, namely, that these student nurses are supposed to receive certain remuneration and certain assistance while they are in training. But the parents of all of them, at least those who have written me, are terribly conscious of the expenses to which they are put in order to assist their daughters in going through for the nursing profession. I have in mind also the fact that the government considers in its whole taxation policy the things which are desirable, such as full production and the encouragement of people to go in for professions which are needed. Here is a very important and necessary profession, and parents who have written me in cases like this feel quite discouraged because they are not allowed an exemption for daughters between eighteen and twenty-one attending nursing schools. They claim that this should be granted under the heading of "educational institutions," and I feel they are right. Could the minister make a statement on the matter?

Mr. HANSON (York-Sunbury): Representations having been made to me by students, I wrote to the department in fulfilment of a promise I made, and I received the answer, if I recall rightly, that it was a question of degree. When students over eighteen years of age go to college the expense is much more substantial—travelling, clothing, board and lodging. Students in a nursing school get board and lodging free, and washing as well, but the allowance is pitiful. At least, that is my experience in a hospital I know something about. While nurses are in training they do not get enough to clothe them.

An hon. MEMBER: Some of them do not get anything.

Mr. HANSON (York-Sunbury): I would be astonished if there were nursing schools now where they do not get anything, because these girls work strenuously and work long hours. I have observed them as a patient in a hospital and I know exactly what the labour is. It is a question of degree of drain on the parents and I quite agree that the situations are different. Nevertheless the principle is the same. Perhaps some limited allowance should be made for this and I should like to know the reaction of the department. I add my voice to that of the hon. member for Winnipeg North Centre because of the insistence of some of my own constituents who have experienced some difficulty in this matter. There is a great shortage of nurses and we ought to encourage nursing. We are encouraging doctors to go into the army, and we might encourage girls to go into nursing schools on the same theory by which we are helping the doctors. There is some merit in the matter and, as I stated, in my opinion, it is just a matter of degree.

Mr. COLDWELL: While, as the hon. member for York-Sunbury says, it is a matter of degree, the girls who go in for nursing are engaged for the whole year, whereas many of the students who go to university are able during the summer vacation to assist in the payment of university fees. The girls who are nursing are employed the full year and they receive a very small amount. If you inquire at the hospitals you will find that it is usually about $10 a month, and out of that there are certain levies that are made by the hospital, which reduces it to about half that amount.

An hon. MEMBER: In some cases to nothing.

Mr. COLDWELL: Yes. If a girl happens to break a thermometer or some other equipment she must pay for it, and quite often the girls find that at the end of the month they have nothing coming to them. The parents have to buy their uniforms when they go in—

Mr. HANSON (York-Sunbury): And boots.

Mr. COLDWELL: —and they must clothe them throughout the course, which is three years. There is a very strong case, apart altogether from the necessity of encouraging girls to go into the nursing profession, for the treatment of girls in training as students in other educational institutions are treated. I add my words to those that have already been spoken in this regard.

Mr. FRASER (Peterborough West): In the budget debate the hon. member for Winnipeg South (Mr. Mutch) spoke on the

matter. I followed him, and at page 4506 of *Hansard* I read from a letter in which the statement was made that at Kingston the student received no allowance, so that the parents pay for clothing and other necessities.

Mr. NOSEWORTHY: That is true of Toronto.

Mr. FRASER (Peterborough West): There are other places where the nurses get nothing at all. There should be some allowance for that, because the parents have to supply them with clothing and look after their laundry.

Mr. ILSLEY: There is quite a difference between the responsibility that the parent has to assume in the case of a child in a university and in the case of a daughter training as a nurse.

Mr. HANSON (York-Sunbury): Only in degree.

Mr. ILSLEY: If the daughter goes to university the parent supporting her pays for board and lodging and tuition.

Mr. HANSON (York-Sunbury): And books.

Mr. ILSLEY: Yes, and books. Of course, the child going to university gets no pay.

Mr. JACKMAN: On holidays of course.

Mr. ILSLEY: As regards the daughter training as a nurse, she gets board and lodging, and tuition is provided, so that she is not a dependent to anything like the same degree as in the other case. I think I am correct in saying that for a child over twenty-one attending university there is no allowance as a dependent. What I am saying is that you cannot maintain perfection in these things. The speeches to-night would indicate that there should be some allowance. Certainly I do not see why the parents should get the same allowance for a nurse in training as for a daughter going to university. After considering the whole question, we do not think we should extend that, although there is quite a widespread demand for it. We have had a number of letters, but it opens up other classes who sooner or later would probably claim the same treatment as nurses in training. The whole field of apprenticeship comes up there.

Resolution stands.

Progress reported.

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

[Mr. G. K. Fraser.]

Thursday, July 13, 1944

The house met at three o'clock.

CANADIAN ARMY

AWARD OF VICTORIA CROSS TO MAJOR JOHN KEEFER MAHONY OF THE WESTMINSTER REGIMENT (MOTOR)

Hon. J. L. RALSTON (Minister of National Defence): Mr. Speaker, on March 6 I had the privilege of submitting to the house the names of almost five hundred members of the Canadian Army who had been awarded honours for deeds of gallantry in this war. With the unanimous permission of the house, these names were given a permanent record on *Hansard*. Among the names were two recipients of the Victoria Cross, Lieutenant-Colonel Cecil Merritt and Major Paul Triquet.

A few hours ago there was announced concurrently in the United Kingdom and in Canada that another officer of the Canadian Army has been awarded this highest honour for gallantry which can be conferred on a member of the armed forces by His Majesty the King. The recipient is Major John Keefer Mahony of New Westminster, British Columbia. His regiment is the Westminster Regiment (Motor). The award to Major Mahony is for great gallantry while leading his company in establishing and holding an important bridgehead across the river Melfa in Italy.

The citation appears in a special issue of the *Canada Gazette* published to-day, and I am sure the house would want it recorded in *Hansard*. The citation reads:

The King has been graciously pleased to approve the award of the Victoria Cross to:

Major John Keefer Mahony,
The Westminster Regiment (Motor).

On the 24th May, 1944, a company of the Westminster Regiment (Motor) under the command of Major Mahony was ordered to establish the initial bridgehead across the river Melfa. The enemy still had strong forces of tanks, self-propelled guns and infantry holding defensive positions on the east side of the river. Despite this, Major Mahony personally led his company down to and across the river, being with the leading section.

Although the crossing was made in full view of and under heavy fire from enemy machine gun posts on the right rear and left front, he personally directed each section into its proper position on the west bank with the greatest coolness and confidence. The crossing was made and a small bridgehead was established on ground where it was only possible to dig shallow weapon pits. From 15.30 hours the company maintained itself in the face of enemy fire and attack until 20.30 hours when the remaining companies and supporting weapons were able to cross the river and reinforce them. The bridgehead was enclosed on three sides by an 88 mm. self-propelled gun four hundred and fifty yards to the right, a battery of four 2 cm.

anti-aircraft guns one hundred yards to the left, a spandau one hundred yards to the left of it, to the left of the spandau a second 88 mm. self-propelled gun and approximately a company of infantry with mortars and machine guns on the left of the 88 mm. From all these weapons Major Mahony's company was constantly under fire until it eventually succeeded in knocking out the self-propelled equipment and the infantry on the left flank.

Shortly after the bridgehead had been established the enemy counter-attacked with infantry supported by tanks and self-propelled guns. The counter-attack was beaten off by the company with its piats, 2-inch mortars and number 36 grenades, due to the skill with which Major Mahony had organized his defences.

With absolute fearlessness and disregard for his own safety, Major Mahony personally directed the fire of his piats throughout this action encouraging and exhorting his men. By this time the company strength had been reduced by sixty men, and all but one of the platoon officers had been wounded. Scarcely an hour later enemy tanks formed up about five hundred yards in front of the bridgehead and in company with about a company of infantry launched a second counter-attack. Major Mahony, determined to hold the position at all costs, went from section to section with words of encouragement personally directing fire of mortars and other weapons. At one stage a section was pinned down in the open by accurate and intense machine gun fire. Major Mahony crawled forward to their position and by throwing number 77 smoke grenades, succeeded in extricating the section from its position with the loss of only one man. This counter-attack was finally beaten off with the destruction of three enemy self-propelled guns and one panther tank.

Early in the action Major Mahony was wounded in the head and twice in the leg, but he refused medical aid and continued to direct the defence of the bridgehead despite the fact that movement of any kind caused him extreme pain. It was only when the remaining companies of the regiment had crossed the river to support him that he allowed his wounds to be dressed and even then refused to be evacuated, staying instead with his company.

The forming and holding of a bridgehead across the river was vital to the whole Canadian corps action, and failure would have meant delay, a repetition of the attack, probably involving heavy losses in men, material and time and would have given the enemy a breathing space which might have broken the impetus of the corps' advance. Major Mahony, knowing this, never allowed the thought of failure or withdrawal to enter his mind and infused his spirit and determination into all his men. At the first sign of hesitation or faltering Major Mahony was there to encourage by his own example those who were feeling the strain of battle. The enemy perceived that this officer was the soul of the defence and consequently fired at him constantly with all weapons, from rifle to 88 mm. guns. Major Mahony completely ignored the enemy fire and with great courage and absolute disregard for personal danger commanded his company with such great confidence, energy and skill, that the enemy's efforts to destroy the bridgehead were all defeated.

The great courage shown by Major Mahony in this action will forever be an inspiration to his regiment and to the Canadian army.

I know, Mr. Speaker, that the house and the country will join very heartily in sincere congratulations to Major Mahony and to his family and to his regiment upon this worthy recognition of his superb soldierliness.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, on an occasion such as this a word of comment might properly be added to the congratulations which have been so eloquently paid to Major Mahony of the Westminster regiment. I am sure it is a matter of satisfaction and gratification to the province of British Columbia that two out of three of the Victoria Crosses which have been awarded to Canadians in this war have been awarded to men from the great coastal province. I would like to add the congratulations of His Majesty's Loyal Opposition to those which have been extended by the minister to Major Mahony and to his family and regiment.

Mr. THOMAS REID (New Westminster): Mr. Speaker, with the permission of the house may I rise on this occasion to pay homage to one of Canada's great fighting men, Major John Keefer Mahony? The story of his gallent service has just been made public. Major Mahony has brought honour not only to New Westminster and British Columbia, but to all of Canada as well.

Since war started three gallant Canadian soldiers have been awarded the Victoria Cross: Lieutenant Colonel Merritt, of Vancouver; Major Paul Triquet, of Quebec, and now Major Mahony of New Westminster. It is not mere chance, Mr. Speaker, that two of Canada's Victoria Crosses have been won by men from British Columbia, and to us in New Westminster Major Mahony's achievement comes as a proud inspiration.

May I remind the house that it was a New Westminster company which was led by Major Mahony in the attack and victory obtained at the bridgehead; and so New Westminster shares a deep satisfaction in the deeds of Major Mahony and his valiant men. To gain a vital objective is a great thing; to hold on to that objective is still greater.

The achievement of Major Mahony and the men of the Westminster regiment should make those of us who remain in Canada more determined than ever to back up and support to the utmost of our strength and ability those who are fighting our battles overseas.

Briefly, I should like also to join with the people of New Westminster in congratulating

Major Mahony's family, and likewise the families of the men who fought with him and made his achievement possible. In acclaiming and recording the heroic deeds of the Westminster regiment we should not forget to sympathize with the relatives of those who fell in the battle, and likewise to wish the wounded a speedy recovery.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

FLAX PROCESSING—W. R. CARPENTER (CANADA) LIMITED

Mr. BENCE:

On what date was the W. R. Carpenter (Canada) Limited flax processing plant at Vancouver, B.C., completed?

Mr. MICHAUD: The final payment was made to the contractor February 8, 1943. The work was completed a few weeks prior to that date.

WAR SUPPLIES AND SERVICES—PROFITS ON CONTRACTS

Mr. DIEFENBAKER

What have been the maximum and minimum percentages or rates of profit fixed by the Minister of Munitions and Supply in each of the years 1940 to 1944 inclusive, in contracts for, (a) the production of munitions or other war supplies; (b) the supply of services, wherein provision is made granting the minister the discretion of fixing same?

Mr. MICHAUD: A categorical answer to this question would involve examination of several hundred thousand contracts and expenditure of time and staff which is not considered to be warranted at this time.

In the case of cost-plus contracts, which are those in which the minister fixes the percentages or rates of profit, the great proportion are at 5 per cent, with rates running as low as one-half of one per cent and as high, occasionally, as ten per cent, depending on a wide variety of differing circumstances. In general, this policy has remained unchanged since the inception of the department.

Services are bought almost invariably at a price fixed by competitive tender or negotiation.

See also statements of Mr. Chevrier, M.P., *Hansard* for June 15, 1943, pages 3644, 3645, and 3646; and for March 23, 1944, pages 1757, 1758, 1759 and 1760.

[Mr. Graydon.]

FLAX—PRICES AND BONUSES

Mr. DIEFENBAKER:

1. How many bushels of flax have been sold to the United States by the Canadian wheat board during the months of January to June, 1944, inclusive?

2. What was the average price per bushel in each month?

3. During said period have any bonuses on flax been paid to the processors of flax? If so, how much per bushel?

Mr. CRERAR:

1. January, 250,000 bushels; February, nil; March, nil; April, 2,998,000 bushels; May 88,168·44 bushels; June, nil.

2. January, $3 per bushel; April, $3.30 per bushel; May, $3.30 per bushel. All basis No. 1 C.W. in store Fort William/Port Arthur, Canadian funds.

3. By order in council P.C. 7325 of September 27, 1943, the Canadian wheat board is required to buy flaxseed at $2.50 per bushel for No. 1 C.W., basis in store Fort William/Port Arthur and to sell for domestic processing (to domestic crushers. feed, breakfast or cereal food manufacturers and manufacturers of pharmaceutical products) on the basis of $1.64 per bushel for No. 1 C.W., in store Fort William/Port Arthur. The board is further required to fill domestic demands before selling for export.

CUSTODIAN OF ENEMY PROPERTY—MCPHEE INVESTIGATION

Mr. BENCE:

1. On what date was the advisory committee, headed by Judge G. W. McPhee, appointed to recommend the mode and manner of the release, by the official custodian, of the properties taken over by the official custodian?

2. Who were the members of such committee?

3. When did they commence their work?

4. On what date were their recommendations placed before the official custodian?

5. What was the total cost incurred, as a result of the setting up of the said committee?

6. How much was paid, by way of salary and expenses, to each of the members thereof?

7. What has been done to implement the recommendations of the committee?

Mr. McLARTY:

1. October 20, 1943.

2. His Honour Judge McPhee, Moose Jaw, Saskatchewan, chairman; George A. Campbell, Esq., Edmonton; W. Gordon Thomson, Esq., Windsor.

3. October 25, 1943.

4. The committee made interim reports and recommendations from time to time and submitted a more comprehensive report on February 16, 1944. Supplementary reports were submitted by the chairman on specific matters at later dates.

5. $15,435.24.

6. Judge McPhee, travelling and living expenses, $3,913.35; George A. Campbell, Esq., fee $2,200; expenses $1,403.86; W. Gordon Thomson, Esq., fee $1,260; expenses $842.80.

7. (a) As reports were received properties which had been under the control of the custodian were released in accordance with the recommendations of the committee. This included 143 parcels of real estate.

(b) Claims for alleged damages to property were investigated and, in accordance with the recommendation of the committee, were allowed in an amount of $10,828.70, which amount has been paid.

(c) Payments were made to municipalities for taxes in cases where the revenues had not been sufficient to cover taxes for the period the properties were under control. These payments, amounting to $16,834.40, have been made.

KINGSTON, ONT., COLD STORAGE

Mr. AYLESWORTH:

1. Has the dominion government paid any subsidies, loans or grants, for cold storage purposes in the city of Kingston, Ontario, since August 4, 1943?

2. If so, to whom were they paid, and on what dates?

Mr. GARDINER:

1. Yes.

2. Kingston cold storage; October 4, 1943; $280.11.

PRISONERS OF WAR—MERCHANT SEAMEN

Mr. ISNOR:

1. Has the government knowledge as to the number of Canadian merchant seamen who are presently prisoners of war in Germany? If so, how many?

2. Have any of the Canadian merchant seamen who were taken prisoners of war been repatriated? If so, what number?

3. What steps, if any, are being taken to repatriate Canadian merchant seamen presently held prisoners of war?

Mr. MICHAUD:

1. (a) Personnel of ships of Canadian registry held captive in Germany, 94; (b) Canadian merchant seamen taken captive from ships of other than Canadian registry, 34.

2. (a) Personnel of ships of Canadian registry repatriated from German prison camps, 26; (b) Canadian seamen taken captive from ships of other than Canadian registry and repatriated, 13.

3. Everything possible is being done under the Geneva convention to repatriate Canadian merchant seamen detained by the enemy.

QUESTIONS PASSED AS ORDERS FOR RETURNS

SIXTH VICTORY LOAN

Mr. FRASER (Peterborough West):

How much has been paid by the government and the national war finance committee to each daily newspaper in the province of Quebec in connection with the sixth victory loan campaign?

PURCHASE OF VESSEL "THE ARISTOCRAT"

Mr. FRASER (Peterborough West):

1. Did the government purchase a vessel named *The Aristocrat*?

2. If so, when and from whom?

3. What was the total purchase price of the vessel?

WOOL SUBSIDY

Mr. HATFIELD:

1. Is there a subsidy being paid on wool?

2. If so, does it cover all grades of wool?

3. Is the subsidy paid in all provinces?

4. If not, why is it not paid in all provinces?

FARM PRODUCTS—PRICES AND SUBSIDIES

Mr. HATFIELD:

1. What are the farm products that can only be sold under a price ceiling?

2. What are the farm products that are supported by a floor or minimum price?

3. What are the farm products that receive a subsidy?

LAUNDRY SERVICE IN HALIFAX

Mr. ISNOR:

1. Did the government since the outbreak of war take over a civilian laundry plant in the city of Halifax? If so, what is the name of such plant and on what date was it acquired?

2. What provision, if any, has been made to provide laundry services for civilians deprived of laundry service by the action of the government in taking over this laundry?

3. Is the government aware that there is an acute shortage of laundry facilities for civilians in the city of Halifax?

4. Has the Department of National Defence contracts at present with any privately owned civilian laundry operated in the city of Halifax? If so, with what laundries and what are expiration dates of present contracts?

SALARIES ACT

AMENDMENT TO PROVIDE FOR SALARIES OF MINISTERS OF VETERANS AFFAIRS AND RECONSTRUCTION

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to amend the Salaries Act to provide that the salaries of the Minister of Veterans Affairs and of the Minister of Reconstruction shall be ten thousand dollars, respectively.

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

MORNING SITTINGS

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That on and after Monday, July 17, 1944, until the end of the session, the house shall meet at 11 o'clock in the morning of each sitting day and that in addition to the usual intermission at 6 o'clock p.m., there shall also be an intermission every day from 1 to 3 o'clock, p.m.

Motion agreed to.

PRISONERS OF WAR

REPORTS AS TO KILLING OF ALLIED AIRMEN IN GERMANY

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Will the Prime Minister take the necessary steps to make full inquiries through the protecting power into a report carried in to-day's edition of the *Globe and Mail* written by Ralph Allen and datelined "With the Canadians in France, July 11". A copy of this report I have already given the Prime Minister, but in order that the house may be aware of the subject matter of the report I shall read the first paragraph of it:

> Two Canadians and "several" American prisoners of war who refused to work for the German war machine were killed by their guards at Stalag IIB near Hammerstein last February, a repatriated French prisoner who was in the camp at the time of the killings said there to-day. The allied soldiers, all new arrivals from Italy, were shot in their beds when they refused to report for labour details, the French soldier asserted. A number of others, he said, were executed at various times by the staff of the same camp for trying to escape.
>
> Anyone seeking to build a larger case around recent disclosures of the massacre of allied airmen in Germany could find plenty of evidence in Caen.

I should just like to make this remark, if I may, to the Prime Minister and to the government before the Prime Minister answers my question. When one couples such a reported incident with the cold-blooded murder of Canadian and British airmen about which the Prime Minister spoke a couple of weeks ago, it makes one's blood boil and call loudly for the kind of punishment that these murderous vandals so richly deserve.

[Mr. Mackenzie King.]

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, my answer to my hon. friend's question is that the report was noticed by the government when it appeared and inquiries were immediately instituted.

WAYS AND MEANS

INCOME WAR TAX ACT

The house in committee of ways and means, Mr. Bradette in the chair.

2. That dependents as referred to in the said act be extended to include parents-in-law, grandparents-in-law, brothers-in-law, sisters-in-law, sons-in-law and daughters-in-law in the same circumstances and subject to the same conditions as parents, grandparents, brothers, sisters, sons and daughters respectively.

Mr. FRASER (Peterborough West): The minister was going to make a statement on this.

Mr. D. C. ABBOTT (Parliamentary Assistant to the Minister of Finance): I do not know about a statement, Mr. Chairman. I think some question was raised last night as to the inclusion of sons-in-law.

Mr. HANSON (York-Sunbury): Yes. The minister said he would like to consider the inclusion of all these in-laws. I was merely indicating the position of sons-in-law. Perhaps we could go on with another item pending the decision of the minister.

Mr. ABBOTT: He has considered it, but I have no objection to going on with the next resolution.

Mr. HANSON (York-Sunbury): What is the minister's conclusion? We are widening out the scope of the aid given to taxpayers to include not only the direct progenitors and descendants of the taxpayer but also their collaterals and collaterals-in-law. How much demand has there been for this?

Mr. ABBOTT: During the last two or three years in particular a good many representations have been received that an allowance should be made, as my hon. friend indicated last night, particularly in the case of the mother-in-law. The position under the law is that in respect of blood relations, that is to say, son, daughter, mother, father and grandparents, if they are wholly dependent upon the taxpayer, the taxpayer may claim the tax deduction set out in rule 3 of the first chedule of the act. If the son of the taxpayer were wholly dependent upon his father for support the taxpayer could claim a deduction from his tax with respect to that son, but if, on the other hand, the taxpayer were required to maintain his daughter-in-law, as is frequently the case, he could not claim a deduction.

Similarly if a man were called upon to support his own mother, who was completely dependent on him, he could claim a tax deduction, but on the other hand if he were required, as often happens, to support his wife's mother he could not claim a tax deduction. I am advised that in certain jurisdictions—I know it is the case in my own province of Quebec—there is a legal obligation on a man to support his in-laws under certain circumstances. The primary obligation rests on the blood relation, but if the blood relation is unable to give his support, or if there is no blood relation, there is a legal obligation on the in-law to support his wife's mother. It was felt after a good deal of consideration that, whatever the legal position might be, it was certainly equitable that a man who could claim a tax credit for supporting his son should be entitled to claim a similar credit for supporting his daughter-in-law. So that the effect of the proposed amendment is to extend the tax credit not only to the blood relations but to the in-laws, though not to the collaterals, of course, as my hon. friend suggested.

Mr. HANSON (York-Sunbury): I have never had any objection to extending this concession to the parents-in-law or to the grandparents-in-law, because presumably they may be in really dependent circumstances in a given case and they must be taken care of, although in the common law provinces there is no legal obligation I believe at all. But the extension of this alleviation to the collaterals is of course another matter. I wonder if there has been much demand for this. I understand that there was a very substantial demand to extend it to the parents-in-law and grandparents-in-law, but how much demand was there for extending it to sisters-in-law, brothers-in-law, sons-in-law and daughters-in-law? Has any estimate been made of the number involved and of the cost to the treasury?

Mr. ABBOTT: I do not know that there has been any great demand on behalf of the other classes to which my hon. friend referred. On the other hand it was felt that in extending this to the mother-in-law, for instance, it was logical to extend it to the other in-laws. Let me give an illustration. Take the case of a man who is married and goes overseas and is killed. I suggest that in a great many cases the father of that boy would feel morally responsible at any rate to support his daughter-in-law.

Mr. HANSON (York-Sunbury): I think the nation ought to support her.

Mr. ABBOTT: She would get some pension. Perhaps a better example would be that of a young man who marries and dies before he has had the opportunity to make full provision for his family. His father for a period supports his daughter-in-law. If the son had been disabled during his lifetime the father could have claimed the tax credit, but because the son had died he is not able to do so under the law as it stands. Mind you, this concession is subject to the same restrictions which pertain with respect to the other dependents, that they must be wholly dependent and so on. This is not widening in any unlimited fashion the claim which can be made for dependents.

Mr. HANSON (York-Sunbury): Of course what the parliamentary assistant has said is an indictment of the inadequacy of the present range of pensions. That is exactly what it spells to me.

Mr. ABBOTT: I was only citing that as an example. I could have given a better illustration.

Mr. HANSON (York-Sunbury): The interpretation to be put on the illustration is this, that in the case of the soldier who gave his life for his country, leaving behind a daughter-in-law for his father to support, an inadequate pension is provided.

Mr. ABBOTT: My hon. friend is quite correct. I am afraid that my example was unfortunate.

Mr. HANSON (York-Sunbury): My understanding of the position was that the demand was in respect of the parents-in-law and did not extend beyond them downwards. It might include the grandparents-in-law but not the others. I understood from a remark made by the minister yesterday that brothers-in-law, sisters-in-law, sons-in-law and daughters-in-law, were put in to carry out the parallel in the present law, for the sake of uniformity. I would like to know if there has been any real demand or any real necessity for this. If there has been, if this is justifiable on the ground of necessity, I shall not oppose it. I am favourable to granting assistance in respect to the parents-in-law, because I have known of many cases where assistance would be absolutely necessary and a deduction should be allowed. But is not this based on the theory that the department thinks there ought to be a parallel?

Mr. ABBOTT: There has been some demand, I am told, in the case particularly of men who are maintaining a daughter-in-law. That is perhaps the case which arises most frequently. But it was felt that as we are

making this change in the law, it was both sound in principle and logical to extend it to all classes of in-laws. So far as I know, there has been no demand upon the government for it, but it was felt that in extending this to some classes of in-laws, which has never been done before, if we did not include them all we should inevitably create a demand from the others which it would be hard to resist on principle. They will say, "Well, you extend it to the father-in-law and the mother-in-law. I am obliged," a man will say, "to support a daughter-in-law; she has no other means of support. If she were my own daughter I could claim the tax credit, but because she is my daughter-in-law I cannot". It seems to me that that is what we should be faced with. But if the committee would prefer, we can let the section stand. The committee may prefer to have the views of the minister on it.

Mr. HANSON (York-Sunbury): I am going to ask that the section stand. I am in accord with the principle of the parents' and grandparents' allowance, but I think these other collaterals stand on a different basis. I suggest to the parliamentary assistant that the government has made this proposal and it has to make a case in support of it. The only case I can observe is a desire to parallel the present law in respect to these in-laws.

Mr. ABBOTT: Perhaps we might let it stand; or if we want to pass the resolution it can certainly be given further consideration when we come to the bill.

Mr. HANSON (York-Sunbury): That is all right.

Resolution agreed to.

3. That the provision under which a tax credit is allowed in respect of a child of the taxpayer be extended to include an allowance in respect of any person under eighteen years of age and dependent upon the taxpayer for support, including an illegitimate child.

Mr. COLDWELL: I am glad that the government has granted the request which has been made by hon. members to make the definition of "child" wider than it was. For a number of years there has been hardship to persons who have children in their homes who have not been legally adopted. Also, of course, there is the case of the illegitimate child; some mothers with an illegitimate child have been penalized all through life. After all, the child cannot choose the circumstances under which it shall be born. This is a worth-while reform, and we approve it.

Mr. HANSON (York-Sunbury): I am in accord with what the hon. member has said with respect to children under eighteen years of age dependent upon the taxpayer for support. That is quite right. With respect to the illegitimate children, I assume this will be granted or should only be granted to the mother who is a taxpayer, and that it would not go any farther than that.

Mr. ABBOTT: Certainly that is the case it was intended to meet.

Mr. HANSON (York-Sunbury): I hope the legislation will be so guarded that the father of such a child would never be given any tax concession.

Mr. ABBOTT: I had not given that any consideration.

Mr. HANSON (York-Sunbury): It is quite possible he might claim it, and I think he is the last man in the world who should get it.

Mr. GRAYDON: You might have trouble in finding him.

Mr. HANSON (York-Sunbury): I don't know. The courts pin him down, you know.

Mr. FRASER (Peterborough West): I wish to follow up what the hon. member for Rosetown-Biggar has said. Numerous representations have been received on this matter, and I am pleased that this proposal has been adopted. I have had many letters from welfare societies saying that it will be a real godsend.

Mr. HANSON (York-Sunbury): I suggest to the minister that when the legislation is framed it be made absolutely clear that this provision for the illegitimate child shall go only to the mother. Under this resolution it would be quite legitimate for one to argue that it covers both parents. I am sure the committee does not want to put a premium on a man who is the father of an illegitimate child. The mother cannot help herself, and I want to help her.

Mr. ABBOTT: I will certainly give consideration to my hon. friend's observation. The provision is that a credit should be given to anybody who is supporting the child. In ninety-nine cases out of one hundred it would be the mother. I am not prepared to say at the moment that if the father was supporting the illegitimate child he should not benefit from this provision. However, that matter can be considered.

The hon. member for Peterborough West has indicated that there have been a great many representations from all sides of the house and from social service organizations throughout Canada that an amendment of this

kind should be introduced. I want to point out, in view of the rather general terms of the resolution, that the legislation will provide in effect that the dependents must be in the custody of and wholly dependent on the taxpayer.

Mr. BRUCE: I assume that this would cover British war guests.

Mr. HANSON (York-Sunbury): Oh, yes.

Mr. BRUCE: For several years we have pleaded that this exemption should apply to them, and I am glad to see that that has been done.

Mr. ABBOTT: That assumption is correct—where, of course, they are wholly dependent on the taxpayer.

Mr. BRUCE: Yes.

Mr. HANSON (York-Sunbury): The parliamentary assistant said this would cover the case only of a child who is in the custody of the taxpayer. Does he mean actual custody or constructive custody?

Mr. ABBOTT: I do not mean physical custody, no.

Mr. HANSON (York-Sunbury): Actual or constructive custody?

Mr. ABBOTT: Custody, I am advised, is the language used in the corresponding section of the British act. I do not know that that will be the exact language used when we come to draft the legislation. That is the substance of the requirements.

Mr. HANSON (York-Sunbury): Then if the child were being supported by the mother in another family, she would get it?

Mr. ABBOTT: That is the intention.

Mr. GREEN: Would the tax credit be allowed in a case where the child has been placed in the custody of strangers, people who are not relatives at all, but is being supported by them?

Mr. ABBOTT: My understanding is that where a person supporting the child is, for instance, paying board for the care of the child, the person who is doing the paying would be entitled to get the tax credit. That is my understanding of the intention which will govern the drafting of this law.

Mr. FRASER (Peterborough West): That is why this was asked for.

Resolution agreed to.

4. That the deduction in respect of unusual medical expenses be extended to include such expenses incurred outside of Canada.

Mr BENCE: On this item, I desire to make a representation to the administration in connection with the amount of deduction for medical expenses which is permitted at the present time. My understanding is that where the medical expenses are in excess of five per cent of the taxable income, so much as is in that excess may de deducted provided the total amount does not exceed $600, plus an additional sum of $100 for each dependent, provided also that the amount which is allowed for dependents does not exceed $400. In many cases people to-day are incurring heavy medical expenses over and above the $600 limit which is provided by this legislation If the principle is a correct one, that over and above the five per cent some relief should be given—and I assume that that relief was allowed in the first place because of the present high rate of income tax—the ceiling on these unusual medical expenses should be lifted, because in some cases of which I have personal knowledge men have incurred considerably more expenses than the $600, and find themselves in straitened circumstances.

Take for example the case of a man whose wife has become an invalid, or whose dependent is dying, and the time which elapses between invalidity and death is considerable, say months. During the course of that time doctors' and hospital bills are heavy; frequently trips have to be taken to other centres, particularly if the afflicted person happens to be living in an out-of-the-way place. Under such circumstances the expenses in many cases exceed the limit allowed by the law.

This matter, I understand, has been taken up with the department; representations have been made to it, and the replies which have been received are that it is a matter which will have to be dealt with by parliament, that the department itself has no jurisdiction to create any extension.

In addition, we find men in receipt of what may be termed a reasonable income, but with no capital ahead of them, going very heavily into debt to provide for these unusual medical expenses, and then, because of the continuation in after years of the heavy rate of taxation on their incomes, they are never able to get out of that debt.

In addition to considering seriously the raising of the ceiling, the administration should include the services of doctors, nurses and dentists and should also provide for drugs and medical necessities which are prescribed by the doctor. We might run into a great deal of difficulty because people might take advantage of this exemption if we allowed for every kind of expenditure, but certainly if it were confined to the type certified by the doctor

attending the case, I suggest that we could reasonably add such expenses to the amount permitted at the present time. Actually what happens now is this. The doctor's fee and the hospital bill are allowed but no incidentals in the form of medicine and X-rays and matters of that sort are permitted. If a person lives in an outlying district in Saskatchewan, say, and has to go to Winnipeg or Saskatoon for treatment, he or she is not allowed anything to take care of travelling expenses or the extra money spent in going to that centre to receive badly required services. I suggest to the parliamentary assistant that the whole matter be reviewed in the light of the experience which has been gained since the exemption was included in the Income Tax Act.

Mr. GILLIS: I endorse what the hon. member for Saskatoon City has said. There is no necessity for repeating it except to suggest that this particular question requires a general overhauling. The only thing that is classified as medical expenses under the present regulations is what is purchased directly from the medical authorities. All the expenses outlined by the hon. member for Saskatoon City are incidental to persons getting to a centre where medical assistance can be provided. There are many other considerations also that must be taken into account. Suppose a man has an artificial leg. In the interests of his health the doctor orders him to have that leg changed, and he is obliged to spend $250 or $300 replacing it. That is a medical expenditure, but to-day it is not allowed for taxation purposes. Let me give another illustration which I have brought to the attention of the department on several occasions. A woman has an ear condition and her doctor advises her to purchase appliances costing $200. That is an order from her medical doctor, but there is no allowance for taxation purposes for a purchase of that kind. If we are going to do anything about this I think we must go the whole way or not bother with it at all.

The arrangement as applied to the lower income groups is far from satisfactory. Take a man with a $1,500 income. He is allowed to deduct if the medical expenses are in excess of five per cent of the total income. Five per cent is $75, so that he is allowed only in excess of $75, and then it is only for something that is purchased directly from the medical fraternity. I am far from satisfied with that provision, and I could elaborate on the disabilities that arise from it. It should be overhauled and made all-inclusive, or eliminated altogether. I do not think it serves much purpose in its present form. I am not so much concerned about the man who can undertake a $1,500 expenditure to go to the United States, because a person with such an income is able to take care of his expenses and the hardship is not so great. But if this is designed to assist those in the lower income groups, then I repeat, it requires overhauling.

Mr. McILRAITH: Considering the item of unusual medical expenses, I would refer particularly to amputation cases. The section makes allowance only for unusual medical expenses if the payment is made to any qualified practitioner, and so on, and to one full-time attendant upon the taxpayer in certain circumstances. As regards amputation cases, there is no provision for the purchase of an artificial limb or limbs required. It seems to put an unnecessary burden on this particular section of our population, a burden that should not be imposed on them. I have personal knowledge of one particular case. A married man without any dependent children has a salary of $1,500. He has two artificial legs and is required this year to have new limbs or he must cease working. He simply cannot carry on without them. The estimated cost of the equipment is $500, but there is not that amount of money available from his salary after he pays ordinary living expenses. If he does not buy these artificial limbs he cannot work. This and similar cases represent a genuine hardship, and I would ask the parliamentary assistant to consider widening the resolution with regard to this group of persons.

Mr. BRUCE: I wish to say a word in support of the remarks of the hon. member for Saskatoon City and the hon. member for Cape Breton South regarding this term, "medical expenses." I think the wrong impression may be given, that the doctor gets all this money. As a matter of fact his bill is very often the small end of the stick. If a person is seriously ill he may require special nurses, and under the present regulations one nurse is not enough because they work an eight-hour day and therefore it is necessary to have three nurses. Three nurses at $7 a day each means $21. There are a number of other incidentals such as those mentioned by my hon. friends. I suggest therefore that this should be more specific, and should cover a wider territory than is indicated by the term "medical expenses."

Mr. ABBOTT: My hon. friend is aware that nurses are covered.

Mr. BRUCE: Under this?

Mr. ABBOTT: Oh, yes. Hospital expenses include nurses.

Mr. BRUCE: Does it include special nursing in the hospital?

Mr. ABBOTT: Yes.

Mr. BRUCE: I know it includes hospitalization.

Mr. ABBOTT: It includes all special nurses in the hospital, provided they are registered. In fact it even goes further than registration.

Mr. HOMUTH: Nurses in the home?

Mr. ABBOTT: Yes.

Mr. HANSON (York-Sunbury): What is the limit under the present law?

Mr. ABBOTT: Five per cent or $400 in the case of a single person and $600 in the case of a married person, plus $100 for each dependent.

Mr. HANSON (York-Sunbury): It is not proposed to change the limit?

Mr. ABBOTT: The member for Saskatoon City has suggested that the limit should be raised. I would point out, with reference to the remarks made by the member for Cape Breton South, that this was introduced to cover unusual medical expenses. It was never intended that the income tax act should serve as a health insurance or a sickness insurance measure. Because the rates of taxation were put up very steeply in 1941 it was felt that in the case of unusual, exceptional medical expenses some measure of relief should be given to the taxpayer. Under ordinary circumstances a good many men who run into unforeseen and heavy medical taxes have either to dip into their capital, if they have any, or try to borrow money if they have none. It was not felt that the income tax act could be used as a vehicle to provide for universal health or sickness insurance. This was an alleviating measure to give some relief in exceptional circumstances; therefore I cannot agree with the hon. member for Cape Breton South that it should be wholly revised in order to take care of every possible case. Perhaps it does not go far enough, but I am not prepared to say that. Perhaps there should be some raising of the ceiling as suggested by the hon. member for Saskatoon, although my view is it is undesirable under existing circumstances. But with that reservation I do not think this section can be used to provide for all kinds of medical or hospital expenses.

Mr. HANSON (York-Sunbury): Of course the opening of the door inevitably paves the way for all kinds of demands.

Mr. ABBOTT: Right.

Mr. HANSON (York-Sunbury): The decisions have to be pretty arbitrary, and in fact they are arbitrary. When the parliamentary assistant says this is for unusual medical expenses, I say to him that hospitalization is the order of the day—

Mr. ABBOTT: When I said "unusual" I meant they have to be in excess of five per cent of the taxpayer's income, five per cent being considered normal medical expenses.

Mr. HANSON (York-Sunbury): I am not at all opposed to the principle of an allowance of this kind, because persons who are ill have very heavy expenses. When they become ill their earning power ceases and they have to have some consideration. The question is how far it should go. Personally I am willing to see the limit raised and relief given; but that was not the purpose for which I rose to speak. I want to talk about the concession contained in resolution 4, as follows:

> That the allowance in respect of unusual medical expenses be extended to include such expenses incurred outside of Canada.

I never could understand why, if it was a sound principle to grant to a taxpayer an allowance for unusual or usual medical expenses, there was a geographical limitation to its application. Take the case of people who live along the border near Boston or New York. In exceptional surgical cases in my part of the country it has been the usual practice to send patients not only to Montreal but to certain clinics in Boston and in the city of New York. Up to the present time there has been no allowance made to a Canadian taxpayer. Apparently the department has had a change of heart, and I am going to ask that they make it retroactive. It ought to have been done from the beginning. If the principle is good now, it was good last year, and those who have to pay unusual expenses should be given some consideration in the circumstances I have mentioned.

I am going to give a concrete case. I suppose concrete cases are those that come to our minds and impress themselves upon our memory. A lady from Charlottetown visited her brother who was a physician in New York. She was suddenly taken ill and had to undergo an intricate and expensive operation which cost her husband a good deal of money. While she was convalescent her husband, after a good deal of difficulty, was able to get enough money from the foreign exchange control board to go across the line to see her. I am not complaining about that, because he should have been able to get the exchange very easily in

the circumstances if he had gone about it in the right way. The banker, I think, could have given him the money very quickly, but there was some delay. When he got there—it was in the winter time—the brother, who was a physician, decided that the lady should not return north, with the result that arrangements were made to take her south to spend the winter. When they came back in the spring, after having this expense for her surgical operation in the city of New York, the husband as a taxpayer put in a claim for the hospitalization of his wife, and was refused. There is an illustration of people who are just caught in a circumstance. If she had taken ill at home, her husband automatically would have had the allowance; but she was taken ill on a visit to New York, and he gets no allowance. The thing is not reasonable to me. I do not think the fact of where the surgical or medical attendance was given should be the determining factor as to whether there should or should not be an allowance. There is no answer to that. I know there will be an attempted answer, but there is no logical or reasonable answer as to why it should have been denied. It must have been because it was just a concession dragged out of the department at the time. It ought to be made retroactive and go back to the time when the principle was first acknowledged and established in the tax structure. I am going to ask that this be made retroactive. The government is making other things retroactive in these resolutions. They are making the question of charitable donations retroactive, and I consider that is definite breach of faith and reprehensible, just as reprehensible as—

Mr. ABBOTT: There is nothing retroactive about that. It was announced before it was made effective.

Mr. HANSON (York-Sunbury): I do not care if it was announced. It was an ignoring by a departmental official or a minister of the crown of the law of parliament.

Mr. ABBOTT: No.

Mr. HANSON (York-Sunbury): I do not care when it was announced or by whom it was announced. It was the law on the statute book when the Minister of Finance made the announcement. It was announced without telling parliament that he was not going to carry out the will of parliament. It was a defiance of the law of parliament itself.

Mr. ABBOTT: Let me correct my hon. friend on that. The minister announced that he proposed to recommend to parliament—

[Mr. R. B. Hanson.]

Mr. HANSON (York-Sunbury): Oh, well.

Mr. ABBOTT: —an amendment to the act that after such-and-such a date a certain thing would be done. That has been done.

Mr. HOMUTH: And make it retroactive.

Mr. ABBOTT: It is not made retroactive. It was made effective only after the date the minister announced it.

Mr. HANSON (York-Sunbury): We shall meet that when we come to section 32. I had not intended to speak about that at the moment; I was diverted into doing so. I am suggesting that if this is a good principle to-day, it was a good principle when adopted last year, the date on which the principle itself was first brought into legislation. I do not think it would amount to very much, but it would take away the rankling sense of injustice that a limited number of taxpayers feel when they think they are discriminated against because they happen to be taken sick over an imaginary line on this continent. I am asking that this be done.

Mr. KNOWLES: First of all I should like to express support of what the government has proposed in this resolution by way of extending this principle to include expenses incurred outside Canada, which, of course, refers particularly to the United States. The hon. member for York-Sunbury has referred to people in his part of the country who on occasions find it necessary to go to the New England states. It is also true that in certain parts of the west people find it necessary to go to Rochester, Minnesota, to attend the Mayo clinic. I know that this matter was felt quite keenly by people in and around the head of the lakes. Representations came from trade union organizations in Fort William to the government on the matter, and they are appreciative of the action that has been taken in this resolution. I feel, too, with the hon. member for York-Sunbury, although I do not wish to say anything provocative, as perhaps he did—

Mr. HANSON (York-Sunbury): Oh, don't be afraid. The hon. member is not usually afraid of saying something provocative.

Mr. KNOWLES: I do not mind, if there is anything to be gained by it. Sometimes however, I find it pays to speak in appealing language.

Mr. HOMUTH: Honeyed words do not catch any flies around here.

Mr. KNOWLES: I still hope that the department will give consideration to the idea

of making this retroactive, at least to some extent. So far, the forms for 1943 have not been assessed, and I am not sure whether the department has completed the job of assessing the forms for 1942. It seems to me that at least to some extent the retroactive feature might be introduced with respect to this principle. As the hon. member for York-Sunbury has said, if it is right to do this now, then the principle was right a year or two ago.

There is another phase of this subject of allowances for unusual medical expenses upon which I should like to speak. I believe the point was raised this afternoon by the hon. member for Saskatoon City, and referred to by other hon. members. The expenses in connection with illness are by no means confined to the kind of expenses allowed under the act. Those include hospital, doctor and nursing bills. Every time a person incurs medical expenses of $100 that he can charge up under the act, he has at least $50 or $75 of additional expenses he is not permitted to charge. I realize that administrative difficulties are involved, and that it is always a problem to draw a line. I would point out, however, that the suggestion made by the hon. member for Cape Breton South that the floor be lowered might take care of this situation. If the parliamentary assistant has not thought the matter through, he might feel that to reduce the percentage from five per cent down to three or two per cent would be getting down to a level of medical expenses which could not be described as unusual. My contention is that if the floor were placed at two per cent of the taxable income of the taxpayer, the government could rest assured that for all the money for which exemption was being allowed there were other sums of money the taxpayer had to pay out for which no exemptions were allowed. It would help a great deal if some step along this line could be taken. By lowering the percentage rate from five per cent to two per cent the minister would not be changing the principle—if indeed it wishes to stick to that principle—of giving consideration only for unusual medical expenses. Expenses of such an amount are still unusual if one takes into consideration the incidental amounts already referred to.

There is one other type of case to which I should like to refer, and possibly the easiest way to bring the matter before the committee is to state a concrete case. This is one I have already taken up with the department, but, I regret to say, one concerning which they have not seen fit to make the adjustment I have suggested. A working man in Winnipeg has a family of several children. It is necessary for him to maintain one of those children in a private nursing home. He receives for the son he maintains elsewhere the ordinary allowance for a dependent child. But as hon. members will readily recognize, his expenses in connection with maintaining that child elsewhere, paying his board and room, buying his clothes, and the other disbursements involved, are actually much greater than his expenses in connection with the maintenance of his own children in his own home. This taxpayer felt he was justified in putting in, as unusual medical expenses, the amount he expended in the care of that child over and above five per cent of his total taxable income. The ruling of the department in this case was that that was not a medical expense.

Mr. ABBOTT: What kind of institution was it? Was it a private nursing home?

Mr. KNOWLES: Yes. It was not a home organized as a hostel, but rather a private home where a private person has taken in a few people who are mentally deficient. Those people are being looked after and the expenses are being paid by the parents of the children concerned. One realizes that people in those circumstances face an unusual burden in more ways than one. When they accept and discharge that burden it seems to me they should be given every consideration, or at least they should be given the same consideration that is given comparable cases. My feeling is that the kind of case I have described involves unusual medical expenses.

The government would not be asked to take over all expense. All we are asking is that the expenses in excess of five per cent of the total income be allowed as an exemption against that income. I should be glad if the parliamentary assistant would do what he can to have that kind of case considered further.

Mr. McCANN: I am in accord with the principle of allowing a tax deduction for unusual medical expenses. I believe in some instances this provision has shown considerable merit and has provided considerable relief for a number of families. But I cannot see any reason whatsoever for extending that allowance to include expenses incurred outside of Canada, except where expenses are incurred by reason of an illness which takes place when one is out of the country.

Many people have the obsession that when they are ill or require surgical attention they must go to some other country, and that in that country they can receive services better than those they can get in Canada. That is not so. This country is relatively as full of neurasthenics as is any other country, and when those people become obsessed with the

idea that they must go to the Mayo clinic, or to Baltimore, or somewhere else, and that when there they will receive medical or surgical attention better than they could receive in their own country, I submit they are entirely wrong. This is borne out by the policy which has been followed by the foreign exchange control board. If one wanted to go to the United States for hospitalization or treatment it was necessary to apply to the foreign exchange control board to obtain the necessary funds, and those funds could not be obtained unless accompanied by a certificate from the assignment and procurement board in Canada to the effect that equally good services were not available in this country.

Perhaps no more crippling event than death could occur in any family which has been attacked by a great illness. In the case of death there are most unusual expenses which in many instances cripple men with small incomes and families. If the department wishes to extend exemptions for unusual expenses in connection with sickness, it is my submission that funeral and undertaking expense might well be included.

Mr. ABBOTT: It may be unusual, but it certainly is inevitable.

Mr. McCANN: They are not provided for.

Mr. LEADER: May I offer a word in connection with what the hon. member has just said in allowing deductions for medical services incurred outside Canada? I have much respect for the hon. member, but what he has said strengthens my belief that we have a monopoly at the top of our medical associations in Canada. The hon. member is an experienced surgeon and he is mentioned as the possible minister in charge of the new department we are to create. I am sure he will perform his duties with credit to himself and the nation. However, he has declared on the floor of this house that he is opposed to any additional investigation into Doctor Davidson's work at Winnipeg, and he now gets up and tells us that there should be no deductions allowed from income tax for medical services incurred outside of Canada.

Mr. McCANN: On a point of order, I never made any such statement, that no more investigation should be made. I took the stand which I think was perfectly correct, that the federal government were not warranted in making a further expenditure in carrying on that particular investigation when one had been made already by the provincial authorities.

Mr. LEADER: I think what the hon. member said was that the taxpayers' money should not be spent on making a further investigation. But that is by the way. I commend the minister for bringing in this amendment to the income tax act to permit deductions for medical expenses incurred outside Canada. In the past I have made representations to the minister on behalf of people who have written me asking why this was not possible. The minister pointed out quite correctly that it was not done because it was not in conformity with the income tax act. No doubt he has received representations along the same lines from other hon. members. If my support is worth anything, I want to say that the minister has it wholeheartedly.

Mr. HOWDEN: Mr. Chairman, I am in a peculiar position. I am a medical man myself but I cannot agree with the attitude taken by the hon. member for Renfrew South. I think the people of this country have personal rights that should not be interfered with. This is a rather personal matter with me. I had a brother who required an operation last spring. He had plenty of money and he applied to the foreign exchange control board to obtain United States funds to go down to Rochester to be operated upon. He was denied that privilege, and he was operated upon in Winnipeg and died. Just as sure as I am standing here as a medical man I believe that if he had been permitted to go to Rochester he would be on this earth to-day. That is a good deal for a medical man to say, but I believe it is right. I do not believe this government or any other authority has the right to deny a man the privilege to go where he wants to go for medical attention; therefore I am bound to take issue with the hon. member.

Mr. HANSON (York-Sunbury): It is a question of the liberty of the subject.

Mr. HOWDEN: It is a question of the liberty of the subject. I have something to say on the Davidson cancer cure, but I am not going to say it now because this is not the place.

Mr. FRASER (Peterborough West): Does this deal only with medical expenses, or does it include dental expenses?

Mr. ABBOTT: It deals with any expenses covered by the present section, which I believe covers dental expenses.

Mr. FRASER (Peterborough West): It would cover chiropractors and chiropodists and others as set forth in the section.

Mr. ABBOTT: Yes.

Mr. FRASER (Peterborough West): They have to be registered the same as they are in Canada.

Mr. ABBOTT: There is no change in the law as it stands with respect to the class of expense which may qualify. The only purpose of this resolution is to authorize an amendment to extend the exemption to like expenses incurred outside Canada.

Mr. HANSON (York-Sunbury): What section is it?

Mr. ABBOTT: Section 5, paragraph (n).

Mr. HOMUTH: I should like to give my support to the several hon. members who have spoken on behalf of this resolution. I believe, along with other hon. members, that we could very well lower the ceiling in order to bring some easement to people in the lower income brackets. We usually think of members of the Liberal party as being potential free traders, and I was amazed this afternoon to see one get up and defend a very high tariff on his profession. I was pleased to see the hon. member opposite get up and take issue with him. People should be allowed the right to go where they will and get whatever medical attention they desire.

Mr. McCANN: This has nothing to do with their right; this is a matter of tax exemption.

Mr. BENCE: When I asked a question a while ago the parliamentary assistant said that this was an unusual departure in connection with income tax law in this country and that it was done because the rates were so high that it was felt that some relief should be permitted when the expenses were over five per cent of the income. However, I do not see why it should be limited to $600. If the principle is that expenses over five per cent should be exempted because of the high income tax rates, then surely as the expenses are increased the principle should be all the more applicable. A man finds himself in a much more difficult position when he has to pay $1,000 than when he has to pay $600. I should like to know upon what principle it was determined that the ceiling should be placed at $600, and not $800 or $1,000. Why not make it unlimited as far as the excess over a certain minimum is concerned? I agree with those who have suggested that possibly the minimum is too high and should be lowered, but the point I was trying to make is that the principle had been accepted that unusual medical expenses should be exempt.

Mr. ABBOTT: Not entirely exempted; that some measure of relief should be given.

Mr. BENCE: Why $600 and not $800 or $1,000.

Mr. ABBOTT: Some figure had to be taken, but at a given point expenses of this kind are really capital expenditure. As I said in my earlier remarks, the income tax act was never intended as a means whereby a man's total medical expenses, whatever they may be, should be covered by the other taxpayers of Canada. This was intended as some measure of relief in unusual circumstances, so that if the expenditures were such that they went far beyond what would ordinarily be incurred in a single year, some would be exempt. This is the type of expense to which all of us may be exposed at some time or other, but I suggest that we cannot expect the state to assume that type of capital expenditure for one taxpayer. The figure of $600 may be too low, but some figure had to be taken, and I suggest that this perhaps is not very far from the mark.

Mr. HANSON (York-Sunbury): There should not be any allowance at all if the parliamentary assistant is logical.

Mr. ABBOTT: There is a considerable amount of logic in what my hon. friend says. As I said, it was felt that in applying high rates of taxation rather suddenly some measure of relief should be given. It may be illogical, if you like.

Mr. HANSON (York-Sunbury): Why this measure?

Mr. ABBOTT: This measure was decided upon after careful consideration as the measure which in the judgment of the government was the most satisfactory and reasonable one to put forward.

Mr. HANSON (York-Sunbury): It is just arbitrary.

Mr. ABBOTT: Of course it is arbitrary. It could not be anything else.

Mr. JACKMAN: What is the average amount allowed in the budget for medical expenses? May we have that in order that we may see what reasoning was behind this fixation of the five per cent rate?

Mr. ABBOTT: I am advised that investigations were made when this provision was under consideration and after looking into the budgets of working class and average income families such as are prepared by social workers it was found that five per cent per annum on the average was included in these

budgets to include medical and dental care. Some arbitrary figure had to be taken. That is the answer to the question of the hon. member for Rosedale as to how the figure was arrived at.

Mr. McCANN: What amount of money in the last year of which the parliamentary assistant has a record was deductible for medical expenses?

Mr. ABBOTT: That is not kept as a separate record. Perhaps it could be obtained, but certainly not before this committee will rise.

Mr. HANSON (York-Sunbury): There are millions of returns to be looked through.

Mr. BRUCE: We have had an illustration this afternoon of how there may be differences of opinion even in the medical profession.

Mr. HANSON (York-Sunbury): Doctors differ, they say, and the patient dies.

Mr. BRUCE: I was just going to say that the remarks made by the hon. member for Renfrew South in my judgment are perfectly proper, and that he expresses a view which I think would be supported by the majority of medical men in this country. I would certainly support what he said when he remarked that as good surgical work can be done to-day in Canada as in any country in the world, and that applies to other specialties. I do not think it is necessary for anybody in this country to go to another country to get surgical assistance. If the hon. member for St. Boniface finds that in a particular case better work could be done elsewhere in his opinion—

Mr. HOWDEN: I am sure of it.

Mr. BRUCE: He may be in that regard mistaken. At any rate I believe that there are excellent men in Winnipeg capable of doing any surgical work as well as it can be done by men in any other country. But if he thinks it is necessary to go out of Manitoba I suggest then that he come to Ontario, where he would find in Toronto surgeons equal to any in the world. If that is not sufficient, I suggest that he journey to Montreal, where he would find some of the leading surgeons of the world. The point that I think the hon. member for Renfrew South made was this. I would not oppose, and I do not think he would oppose, a deduction for medical services for a Canadian visiting in the United States who met with some emergency requiring immediate attention so that he could not get back to his own country. I think that would be a real case for relief from taxation. But for a Canadian to leave his own country and go to the United States to have surgical work done which could be done just as well in Canada I suggest is not a case for relief.

Mr. GIBSON: Who is going to judge that?

Mr. BENCE: Will the parliamentary assistant bring our representations in connection with the matter of raising the ceiling to the attention of the minister, and will they be considered before this resolution is finally passed?

Mr. ABBOTT: I have said that I would bring the representations to the attention of the minister.

Mr. JACKMAN: When this clause was first before the committee a year ago I suggested that it might be well if the five per cent of the family budget, which we now understand is the average amount which the ordinary family is obligated to pay for medical expenses in a year, were based on the net rather than on the gross income as it is at present. In other words, there is no use in saying that a person is allowed five per cent of his income when perhaps thirty or forty or more per cent is taken from that income in taxation. If the administration would consider basing the five per cent on the net rather than on the gross income, that would help to solve some of the difficulties.

The CHAIRMAN: Some of this discussion is out of order, because there are clauses dealing with these subjects. The committee should wait until we come to the proper clause.

Mr. KNOWLES: Would the minister please answer one of my questions, that about a child who has to be cared for in a private home?

Mr. ABBOTT: I will bring that to the attention of the minister. The language of paragraph (n) of section 5 is quite clear. It says that only expenses incurred "in a public or provincially licensed private hospital" shall qualify. As my hon. friend appreciates, if that were extended to include expenses on behalf of children who were cared for in private homes it would be exceedingly difficult to administer, and the department would have great difficulty in checking to ascertain whether these were bona fide medical expenses. The act as it stands restricts the provision to those who are cared for in some publicly supervised institution.

Mr. KNOWLES: In the case I referred to, that would have been much more expensive for the father. As a matter of fact he submitted a doctor's certificate as to the

necessity of the child being cared for, and it seems to me that that certificate should carry weight.

Mr. ABBOTT: I will bring my hon. friend's remarks to the attention of the minister. But my hon. friend will appreciate that it would be exceedingly difficult to open the door quite as wide as that and allow expenses of this kind to be deducted on the certificate of a doctor that they were necessary.

Mr. COTE: A few minutes ago I heard the parliamentary assistant admit that chiropractors and osteopaths were covered by this resolution and that expenses incurred with these practitioners were considered as medical expenses for the purposes of the resolution. I think that when this resolution came before the committee last year the practitioners in these groups were not intended to be covered. May I ask the parliamentary assistant if they have made a specific demand to be covered and whether that was the reason for the recent ruling of the department?

Mr. ABBOTT: I am advised that they made a demand, but of course to come within the act they have to qualify as medical practitioners registered under dominion or provincial legislation. I am advised that an investigation was made and the charges of chiropractors and some others have now been admitted as medical expenses.

Mr. COTE: Has the department received a similar request from the optometrists, and if so what has been the outcome?

Mr ABBOTT: It is impossible for me to give an unqualified yes to that question, because I am advised that the optometrists fall into two groups, one the group that provide the glasses, the materials, and the other the group that prescribes whether or not glasses should be worn The second class is performing what the department considers a medical service, and these expenses are claimable as a deduction, but not in the other case. The question is perhaps of an academic nature, because expenses of this kind do not as a rule run into very large figures, and unless they were added to some other medical expenses it is unlikely that they would run over the amount where a deduction could be claimed.

Mr. COTE The department has admitted the principle in the case of two or more groups of irregular practitioners, generally known as such; though without any specific standing in the whole country they may be recognized in one or two provinces, and that is all. The optometrists are now considered a professional group, a scientific body of professional men, all across the country. They have in each province a statute law authorizing and governing the practice of their profession. All of them must be graduates of a university before being admitted to practise. So that rather as a matter of principle than anything else, because I agree with the parliamentary assistant that these expenses may not reach a very high amount, I am surprised that chiropractors and osteopaths are recognized for the purpose of this resolution and that optometrists with a statutory and nation-wide professional status are denied the same privilege.

Mr. ABBOTT: I did not say that optometrists were denied the same privilege; I said it was a matter for the administration to decide as to whether, in common with the osteopaths, they were able to bring themselves within the language of the section, namely, a qualified medical practictioner registered under any dominion or provincial legislation; and in the case of the second class of optometrists to which I have referred, my own view, for what it is worth, is that they could bring themselves within the definition.

Mr. COTE: So far as I know there is only one class of optometrist, consisting of those who have taken a special course in a Canadian university and are fully qualified to examine the eye and to prescribe and supply eye glasses or lenses. That is what an optometrist is. There may be a class of opticians, who are the ones who make the glasses; but when I spoke of the optometrists I had reference to university graduates who are authorized under a provincial statute to practise that profession as such. If no definite decision has been arrived at by the department I would ask that the minister give special attention to this, taking into account the fact that this group is recognized in the whole country and is rendering valuable services.

Mr. FRASER (Peterborough West): Some little time ago it was asked that clause 4 be retroactive. The income tax form for 1943 has this to say with regard to medical expenses: "if the accident was incurred in 1943 or within one year prior to the date of payment" to a doctor, dentist, nurse, et cetera. That would mean it would run back to 1942?

Mr. ABBOTT: If my hon. friend will look at resolution 5 he will see that we are making some change in that this year.

Mr. FRASER (Peterborough West): That does not cover No. 4 then; it covers only No. 5?

Mr. ABBOTT: Let me see if I understand my hon. friend's question. The law at present is that a man may claim credit for medical expenses which were incurred and paid within the taxation period or incurred within one year prior to the date of payment.

Mr. FRASER (Peterborough West): He might pay his medical bill in January of this year after an operation he had, it may be, in January of last year. Am I right?

Mr. ABBOTT: That is correct.

Mr. FRASER (Peterborough West): Then you are changing it now in section 5, but you are not changing it in section 4?

Mr. ABBOTT: Well, resolution 5 will authorize a change in section 5, paragraph (n) of the act, with respect to the condition as to the time of payment. We can discuss when we come to section 5, perhaps, the point my hon. friend is raising now.

Resolution agreed to.

5. That the deduction in respect of unusual medical expenses be extended to allow as a deduction in any taxation year such expenses actually paid in any twelve-month period ending in the taxation year.

The CHAIRMAN: Carried?

Mr. FRASER (Peterborough West): No. We are to discuss No. 5 now.

Mr. ABBOTT: We might discuss the two together and pass the two together. They are related subjects.

Mr. FRASER (Peterborough West): Would the minister say what he intends to do on the matter I have just mentioned?

Mr. ABBOTT: The law provides, as it stands now, that in order to obtain the credit the expense must have been incurred and paid within the taxation period or paid within the taxation period and incurred within one year prior to the date of payment; and the language used in the form, I am advised, is in order to obtain information as to just when the expenses were incurred and paid. The law is clear as it stands now, and the form is so drafted in order to obtain the necessary information to enable the minister or the deputy minister and assessors to determine whether the claim comes within the provisions of the statute. We propose to give some relief, as my hon. friend will see, in virtue of the provisions of resolution 5.

Mr. FRASER (Peterborough West): It applies this year as in 1943, that if an operation was had in July of last year—

Mr. ABBOTT: The rules are not being changed.

[Mr. G. K. Fraser.]

Mr. FRASER (Peterborough West): —and it is paid for this year, then you are covered?

Mr. ABBOTT: That is right.

Resolution agreed to.

6. That in lieu of the deduction in respect of unusual medical expenses of the amount of salary or wages paid to a full-time attendant upon a taxpayer who is totally blind, the taxpayer shall have the option of deducting $480 from his income in the taxation year.

Mr. FRASER (Peterborough West): Will the minister explain this a little more fully? Also I should like to say, with regard to the reference to a "full-time attendant", that there are blind people who now have a full-time attendant who perhaps will be getting a "seeing-eye" dog, which costs, I understand about a thousand dollars. That dog is a "full-time attendant". Would that be included?

Mr. ABBOTT: That is a new one, I must confess.

Mr. FRASER (Peterborough West): I know the question will crop up.

Mr. ABBOTT: The legislation contemplates, I think, human attendants.

Mr. FRASER (Peterborough West): I know it does, but the blind deserve anything in reason.

Mr. ABBOTT: I think the question might be determined if we could find out whether the "seeing-eye" dog is paid any salary or wages. I realize that a capital expenditure for the dog is required, but I take it that its upkeep consists of food, not actual salary or wages.

Resolution agreed to.

7. That the basis for taxation under the normal tax and the tax credit against the graduated tax allowed to an unmarried person who maintains a self-contained domestic establishment and actually supports therein a person wholly dependent upon him and connected with him by blood relationship, marriage or adoption, be extended to a married person separated from the spouse.

Mr. STIRLING: May I on this clause make a plea once more for the simplification of income tax returns?

This is a matter which is very seriously bothering a very great number of income tax payers. It does not interest them in the least that an official of the income tax division says it is now quite a simple matter, that all they need is a pencil, and they have to sit down and answer some questions. That is not the way the public see it.

The minister referred to this in passing in his speech at the end of the debate, and drew attention to the fact that the complexity which

has crept into the forms is largely due to the desire of the minister to give as much equity to the taxpayer as he can. But that really does not give any hope for a further simplification. The fact that the compulsory savings are no longer to be followed, he considers, is going to be of very great assistance in this regard. Although it is going to help, I have no doubt, it comes near the end of the list of questions which have to be answered and statements which have to be made, and it does not seem to me that it will affect in simplification the whole questionnaire which each taxpayer has to answer.

Various incidents have been brought to the attention of members, and I have taken several of them up with the Minister of National Revenue. Let me cite one. In the city of Vernon an accountant, to assist in the difficulty of shortage of forms, handed some of his T-1 forms to the postmaster on the understanding that another supply of these forms was on the way from Vancouver and he would have his forms replaced. These forms arrived on April 29, by which time the accountant had collected the facts and figures in regard to the cases of his clients and it was a physical impossibility for him to fill in the returns on these forms and get them in to satisfy the due date and avoid the penalty. He took the matter up in the form of a letter, I believe, to the minister. He received a reply that the penalty was mandatory and there would be no way of assisting him. If his facts are correct, this was a matter that was in no way either his fault or that of his clients. I remember, in discussing the matter with the Minister of National Revenue, he drew my attention to the fact that if in such a case the taxpayer would put in an interim return and, I presume, accompany it with a partial payment it would reduce his liability for penalty at least by that amount. But I wonder whether the taxpaying public are aware of the fact that they can avoid a portion of the penalty by filling in a partial return; or are the public aware that a letter to the department under these circumstances would suffice so far as the full penalty is concerned. That is one type of trouble which these accountants have to meet.

There is another one that came to my attention from another accountant who had considerable difficulty in completing the returns necessary for his clients and endeavouring to avoid the penalty. He makes the point that the taxpayer, if he falls short in what he ought to do, is mulcted in a penalty, but the taxpayer who has sent in by mistake too large a sum of money for his needs may have that amount returned to him one year or two or three years after that. He argues that the government therefore has the use of that money of the taxpayer without paying interest, and he is of the opinion that this is just one of the instances in which the taxpayer is out of luck. He considers that it is not fair to those who may be endeavouring to fulfil the requirements of the income tax act.

I drew this matter also to the attention of the department and in the accountant's subsequent letter to me he says:

> I note that he does not say anything about how long it takes his department to prepare the forms from the closing of the session until they are available to the public. If he would speed up the distribution of the new forms, lots of forms could be filed sooner.

I quite agree, as was pointed out to me by the minister, that in many of these cases the taxpayer is at fault by delaying the matter too long, and in many cases he delays it too long because he is not able to understand what is required of him, and then the accountant has the information from many clients lying on his desk and he cannot get the things filled up in time. He calls attention also to the fact that he reads in the newspapers that the national selective service does not consider that office help is a necessity and he has to do what he can to fill in these many forms. I continue with the letter:

> If there was any truth to his statement as to filing of these returns, I wonder why the department is still requesting information on 1938, 1939 and 1940 returns. A few 1942 assessments are trickling in, but any number of taxpayers have not yet received their 1941 assessment. I myself have received nothing since 1940. Possibly he could explain why there are no explanations attached to the additional assessments sent out on T-1 general returns. No one will pay on something he does not understand, and this only means a letter back to the department for an explanation when the assessor has to look it up and prepare a reconciliation, an unwarranted waste of time for the assessor, a stenographer and the accountant who has the returns in hand and finds it necessary to request further information. According to the papers, the government officials have declared office help non-essential, so how do they expect to have the forms made out in time? Does the department intend to penalize the taxpayers the full five per cent of their assessments for late filing where they, the department, have had excess payments in hand for two and three years?

That is an amplification of the remark I made just now. I replied to the accountant and had a subsequent letter from him from which I quote a couple of sentences:

> I have just returned from Vancouver, where I spent the best part of three days at the income tax department on various matters. While there I was advised that the 1943 returns of individuals—business returns—were

not even filed, which was borne out by files produced. Apparently very few 1942 business forms have been assessed and the assessors appear loath to assess any particular one when asked, preferring to have them come in rotation.

With regard to the inability of the public to follow the requirements of the forms, it does not apply only to the general public, but is strikingly so in the case of agricultural returns. I have always been of the opinion that one of the reasons why so few farmers come into the income tax paying class, according to the statistics, is the fact that as they do not keep the books which a firm keeps they find it extremely difficult to supply the answers demanded of them in the questionnaire and make them fit in with the return they should put in.

I make my plea for further consideration of this difficulty, so that simplification may be arrived at which in the long run will be of great assistance to the minister in getting in returns for income tax.

Mr. GIBSON: I have not the letter that the hon. member has been reading from, so that I may find it difficult to deal with all the points that he has raised. First of all, he dealt with the simplification of the tax forms. As the Minister of Finance has said, we can do little to simplify the forms further while our tax structure remains as it is. The department, in preparing the form, has to make provision for the numerous allowances made to ease the burden on the taxpayer, and every new form of relief granted the taxpayer must be included on the form; otherwise the taxpayer himself may not have the knowledge that he is entitled to such relief. That was brought to my attention the other day, when it was pointed out that we had not mentioned on the form that alimony payers were entitled to some relief. We have extended the relief this year granted to those who pay alimony, and I presume that this further provision will have to be added to the form. This year, while we are removing the compulsory savings feature, it remains for half the year. I conclude from that that it will also have to be provided for on the form for the coming year. That is the difficulty of the income tax department. We have had representations made to us—I think I have mentioned this before—that agricultural returns should be simplified. We had a meeting of agricultural representatives, representatives of the farm journals, the agricultural societies, the Department of Agriculture. They conferred for quite a considerable time in order to devise a simplified form that would be satisfactory to the farmer. As a result of their labours they brought in a form that was considerably more complicated than the one our own experts had already produced. That shows the difficulty. It is easy to criticize, but it is not easy to devise a form that contains all the information that must be included in it.

We now come to the question of the filing of the returns. Now that the tax structure has become more complicated, and there are a great many more taxpayers than in former years, many people have adopted the policy of going to an accountant to have their tax returns prepared and filed. The result has been that particularly just at the closing date for the filing of the returns the accountants find themselves flooded with work. They have far more clients coming in than they can deal with, and we get emergency calls saying, "For heaven's sake extend the time for filing returns." If that is done one year it would be expected every year. While we have endeavoured to meet the public as far as possible, and particularly in times when there have been changes in the tax structure and we have been late in preparing the new tax form, we cannot start the practice of setting a date for the filing of returns, and then extending the date when that date is reached. Where there is reasonable excuse for not having all the details of the tax return completed we have authorized the taxpayer to file an incomplete return which will act as a substitute for the final return when the full information is available. That has been done in order to avoid the incurring of a penalty through causes over which the employee may have no control.

Mr. STIRLING: Is that generally known?

Mr. GIBSON: I do not think it is generally known, and it is not the general practice. We do not extend that privilege to all taxpayers so that they may simply file a blank return and complete one at their leisure. There must be some reasonable excuse or a valid reason for not having the completed return filed when it is due.

Mr. STIRLING: Therefore the taxpayer must first of all get in touch with the district inspector and get the permission.

Mr. GIBSON: Give reasons.

Mr. STIRLING: Would a letter do?

Mr. GIBSON: No; we must file a form.

It has been mentioned that when we assess the taxpayer we do not always give details of the amendments that have been made in his assessment. We do give details where a change is substantial, but we realize that with the limited staff we have to-day in many cases

details are not required if the change in the assessment is a dollar or two. If it is only a small amount we make the change in the assessment notice and we do not give details unless the taxpayer asks for them.

Mr. STIRLING: They are simply informed that they owe so many more dollars?

Mr. GIBSON: How many more dollars have been added to the income. If they want full details they are supplied.

Reference has been made to the fact that the income tax department is behind in assessing of the returns. I am sorry to say that that is true, and although we are doing everything we can to keep up to date, the very large increase in the number of taxpayers—it has increased from 200,000 to roughly 2,000,000—has created a tremendous load on the income tax department. At the same time we have not been able to secure the staffs that we require. It is necessary to secure qualified or experienced accountants, and unless we can get experienced accountants we cannot keep up with the assessing. No matter how many stenographers or clerks we have they are not able to go ahead with the assessing of the returns until they have been dealt with by the assessors; consequently we have had difficulty with regard to personnel. In many districts we have had difficulty in getting income tax premises. In some centres where we have district officers we have the greatest difficulty in securing space, and members of the staff are so crowded that they can scarcely move. These are some of the difficulties with which we have been contending, and that is the reason why practically all of our offices have fallen behind in the assessing of returns. They are certainly making every effort to pick up ground that has been lost, and as men, particularly qualified accountants, are released from the armed forces we are making every effort to secure them on our staffs so that the work in each district office can be proceeded with as rapidly as possible.

Mr. STIRLING: Would the minister deal with the question of no interest being paid on the amount of money the taxpayer has overpaid the government, whereas a penalty is exacted if he pays too little?

Mr. GIBSON: I understand that at one time—I do not know whether or not they still do it—the United States used to pay interest on overpayments of tax.

Mr. JACKMAN: Six per cent.

Mr. GIBSON: Yes, I think that was the rate. That became a very valuable form of investment, and there was nothing to prevent a man from overpaying a tax by any considerable amount that he had available, and drawing six per cent on it. From that point of view it has not seemed to be a very wise measure. If we were keeping our work up to date, as we normally do, it would not take as long to make assessments and the taxpayer would not be without the use of his money for long periods.

Mr. TUSTIN: I should like to urge upon the minister the necessity of seeing that the income tax forms are more simplified, particularly in regard to agriculture. At the back of the blue sheet which is attached to the farmer's return there is a paragraph which reads:

> Produce raised on farm and consumed in the farm home.

The farmer is asked to estimate the amount that he takes from his farm to be consumed by his family. Another paragraph reads:

> Produce used from "family garden" and small sums usually termed "pin-money" obtained by the wife, sons or daughters, by their own effort, need not be taken into account.

The other form goes on to say that the vegetable garden does not count. I have a particular case in my own riding where a family of four persons estimated that they had consumed $90 worth of produce from their farm in 1942. After making their income tax return to the district office they found themselves in this position. They were charged $500 for the produce that they had consumed from the farm, or a difference of $410. The point I should like to emphasize is this: Why ask the farmer to estimate the amount he has consumed from his farm if there is to be an arbitrary amount set? Why not tell him in the first place that he is to be charged $125 per person for the vegetables and the milk or whatever is consumed from the farm? If that is done he will know immediately. But to ask a man to estimate the amount he takes off his farm and consumes in his own household; then put an arbitrary amount, as in this case, $410 more, and then send an assessment to him and charge him interest at the rate of five per cent is not fair to any farmer, nor do I think is it fair to any person in the country.

Mr. GIBSON: Does the hon. member think the farmer made a fair assessment?

Mr. TUSTIN: I certainly do, and I have a list in my hand showing what he used off his farm. In the first place, he does not make butter in his own home; he purchased all of it. He does not kill his own meat; he purchased all of it. He keeps seven or eight hundred hens, and has for consumption in his own home all the eggs that are not salable.

This form says that he need not estimate them at any cost. Yet in this case the farmer did estimate that he used at least three dozen in his home every week, and put them in at the market price. He shows the amount of milk he used—two quarts a day, which I think the minister must admit is a fair amount. The form says that he shall estimate it only at the price for which he sells it wholesale. Well, when he appeared at the district income tax office and asked those in charge to make up a statement showing how he could possibly get $500 worth of commodities for consumption in his own home, they took into account milk at twelve cents a quart, chicken at forty cents a pound, and so on all down the line.

There is certainly something definitely wrong somewhere. Either the form should be simplified, or some standard amount should be set for each and every person on the farm. There should be no attempt to make a fool out of a man by asking him to estimate what is used, and then, when he does it with perfect honesty, say to him, "You are all wrong; you are not even twenty per cent right."

Mr. GIBSON: But farmers do not all produce the same commodities. That is one difficulty.

Mr. TUSTIN: That is true. If the farmer knew he was to be charged $100 per person or $125 per person a year for commodities he consumed he would be privileged to consume that amount if he so desired, because he would know that he would be charged with it. But in this instance, and in every instance where the farmer has to make a return, he is asked to give an estimate. Then, after he makes the estimate, and that estimate goes to the income tax office, he is reassessed, and an arbitrary amount of, I believe, $125 per person is put on.

I urge the minister to see that this form is simplified, so that men who are honest and who are endeavouring to make their returns as farmers will not be faced with this condition.

Mr. ABBOTT: I did not wish to interrupt the hon. member for Prince Edward-Lennox, but it did seem to me we were wandering far afield from resolution 7. I hope what has happened will not necessarily be taken as a precedent.

The CHAIRMAN: I agree with what the parliamentary assistant has said. There is no doubt that the discussion has been far afield and away from the resolution.

Mr. PERLEY: I was going to associate myself with what the hon. member for Prince Edward-Lennox has just said. I know of many farmers in the west who have found great difficulty in making out their forms, and evaluating the products used on the farm. Apparently no ordinary farmer can make out a proper statement, nor can any two farmers make out statements which will arrive at the same conclusion. I have had, I may say, the same difficulty.

Mr. ABBOTT: I do not wish to rise to a point of order but while I refrained from interrupting the hon. member for Prince Edward-Lennox, because it appeared to me he was hanging his hat on the simplification of the form, I do not think the discussion should continue. The hon. member for Prince Edward-Lennox pointed out the difficulty farmers have in showing what produce they should account for as being part of their income. I understand that the hon. member for Qu'Appelle heartily endorses what has been said. The hon. member has placed himself on record, and perhaps that is sufficient.

Mr. PERLEY: I have just arrived from a committee which is sitting this afternoon, and which has decided to sit mornings and evenings—and I hope it will decide to sit Saturdays and Sundays. It is impossible for anyone to keep track of what is going on. When I came into the chamber the hon. member for Prince Edward-Lennox was speaking on a matter concerning which I have considerable interest. I did not know whether the hon. member had covered the point I had in mind.

Mr. ABBOTT: This discussion started when the hon. member for Yale referred to the simplification of the tax form. In doing so I believe he was in order. But to proceed from that point to develop the difficulties of one class in the community in connection with estimating a particular type of income is, in my view, going too far, and something which should be discussed under some other resolution, or under the bill itself.

The CHAIRMAN: The hon. member for Yale made it clear that he thought he was out of order. However, I would ask hon. members to keep to the resolution.

Mr. GRAYDON: With regard to resolution 7, would the parliamentary assistant indicate whether or not either he or his minister have given consideration to the problem of the widower who has a self-contained establishment?

Mr. ABBOTT: That would be discussed under resolution 8.

Mr. GRAYDON: I do not think so.

Mr. ABBOTT: Perhaps it might come under either resolution.

Mr. GRAYDON: I should think so. I believe most members from time to time have had this condition drawn to their attention, and no doubt it has come before the parliamentary assistant. What is the governing reason why a widower who must pay a housekeeper, and who has a self-contained establishment, is ruled out and finds himself discriminated against?

Mr. ABBOTT: Well, as I had anticipated, that comes under resolution 8. However, perhaps we might discuss it now. My hon. friend will see that under resolution 8 the law at present allows a tax credit of $150 to a widow or widower with a son or daughter who is wholly dependent. But in claiming that $150 the widow or widower, as the case may be, cannot claim the $108 tax credit for the first child. That is the discrimination, if it may be so called, which has existed with respect to the widow or widower.

As my hon. friend has indicated, a number of representations have been made to us to the effect that this was a discrimination. Perhaps it was. In any event, under resolution 8 it is now proposed, as the resolution states:

> That, if a taxpayer maintains one of his children in a self-contained domestic establishment in which he employs a full-time housekeeper or servant, the tax credits of $80 against the graduated tax and $28 against the normal tax be allowed to him in respect of the child, notwithstanding that he is entitled to the tax credit of $150 against the graduated tax in respect of that child.

As I have said, in the past the law has been that the $150 was allowed him, not because of his status as a widower, but because he was supporting a child in a self-contained domestic establishment.

Mr. HOMUTH: It also means more than one child.

Mr. ABBOTT: Yes. If the widow or the widower had more than one child he got, in effect, $150 for the first child, and $108 for the additional children.

Mr. GRAYDON: And supposing he had no children at all?

Mr. ABBOTT: Was my hon. friend raising that question, namely, that the widower or the widow living in a self-contained domestic establishment and who has a housekeeper, should get the $150?

Mr. GRAYDON: I was just inquiring as to what consideration has been given.

Mr. ABBOTT: Where a man has no children, do you mean?

Mr. GRAYDON: In one of the complaints I hold in my hand it is pointed out that the man is a widower, whose wife died a short time ago, and whose establishment has been carried on. His is a fully self-contained establishment. He has had to hire a housekeeper to look after things and, in addition, he states that he is penalized, as against the single man. He finds himself in a position where he has an exemption only as a single man, instead of a position in which many people who are in the marital stage find themselves.

Mr. ABBOTT: I apologize to my hon. friend; I spoke too quickly. I assumed that the hon. member was speaking of a widower with children. In the case which he has cited, that would be a mode of life, as it were. The man has had married status and the exemptions which go with married status, but after the death of his wife, in effect he was in no different position from that of a bachelor who maintains an apartment or has a house with a housekeeper, and therefore he is given no special tax consideration.

Mr. GRAYDON: I was not clear from the letter I had in my hand as to whether he had children.

Mr. ABBOTT: If he has children he will receive additional relief as is proposed in resolution 8.

Mr. HOMUTH: Is that exactly fair? Many men in that category maintain homes simply because they want to have some gathering place for their children who have married and left the home. There is always that place for them. I feel that that type of man should receive some consideration under those circumstances. He does not maintain a home simply because he wants some place to live by himself; he maintains a home so that his children may gather there at times. There is a good deal of family complexion about that type of home.

Mr. ABBOTT: It would be pretty difficult to give consideration in a case like that and not give it to the old bachelor who has a lot of nephews and nieces who like to gather around him in a family circle.

Mr. HOMUTH: There is no comparison. The bachelor did not have those nieces and nephews; they just happened.

Mr. GRAYDON: With regard to the question of the simplification of forms there is one matter I should like to bring to the attention

of the parliamentary assistant. This has been pointed out to me by a member of a group in a city on the west coast who have made a special effort to see what can be done to simplify the income tax form. He points out that one difficulty they have come across in their group discussions is the fact that item 17 on the income tax return asks whether or not the marital partner is in receipt of an investment income of over $660.

Mr. ABBOTT: I do not wish to interrupt my hon. friend; but while it may not be clear from the terms of the resolution, resolution 10 deals directly with the question of whether the wife has an income in excess of $660.

Mr. GRAYDON: The point I desire to raise has nothing to do with the actual amount. My correspondent points out that in some circumstances there is no way by which the marital partner can ascertain the exact income of the other partner; and he thinks a justifiable complaint can be made about that question being asked. I simply draw the matter to the attention of the parliamentary assistant.

Mr. ABBOTT: I suppose if the husband cannot find out what his wife's income is he would have no alternative than to put in the form, "Unknown to me." I must confess that the point had never occurred to me, but it is well taken.

Mr. GRAYDON: Apropos of that, this group which has been making a study of income tax matters held a miniature Gallup poll and found out that of those in the lower income brackets, sixty-eight per cent of the husbands did not know their wives' incomes and thirty-two per cent of the wives did not know their husbands' incomes. Of those in the higher income brackets, thirty-five per cent of the husbands did not know their wives' incomes and sixty-five per cent of the wives did not know their husbands' incomes. I only offer this as a matter of information for the parliamentary assistant. I have no recommendation to make.

Mr. ABBOTT: I am glad to have that information.

Mr. HOMUTH: When I referred to the widower who is keeping up a home the parliamentary assistant mentioned the bachelor. supposing a bachelor had an illegitimate child which he was keeping in his home, he would be entitled to exemption.

Mr. ABBOTT: He would have to have a housekeeper.

Mr. HOMUTH: Depending on the age of the child. Nevertheless the fact is that a bachelor with an illegitimate child in his home receives an exemption, while the widower who maintains a home because he wants it as a gathering place for his family, cannot get an exemption. I have no references to make.

Mr. KNOWLES: Like some other hon. members, the hon. member for York South had to leave the chamber to attend the meeting of the banking and commerce committee, but he asked me if I would raise a point in connection with resolution 7. I understand that he has been in touch with the departmental officials about this and has been told that the matter is being looked into. As I understand it, the situation is this. A single person maintaining a self-contained domestic establishment and supporting therein, we will say his mother, is granted the status provided by this section only if that mother's income is less than $400. My colleague suggests that there seems to be discrimination as between that man and the married man whose wife's income does not exceed $660.

Mr. ABBOTT: He does not get the $150 exemption if his wife's income is over $660.

Mr. KNOWLES: The only point my colleague asked me to raise was the difference between the $400 and the $660. I do not suggest that the same allowance should be made widespread for all classes, but I think a single man maintaining his mother might be given the same status as a married man.

Mr. ABBOTT: The language of the statute is that the dependent must be wholly dependent. I am informed by the income tax division that that is taken to mean if the income of the dependent does not exceed $400 per annum. I suppose under a strict interpretation of the law, if the mother had any income at all she would not be wholly dependent. There had to be some standard and I am advised that the $400 figure was fixed. In other words, a person may still be considered as a dependent although he has a private income of $400 a year.

Mr. KNOWLES: I take it that no change is contemplated?

Mr. ABBOTT: No change is contemplated under the present resolution.

Mr. KNOWLES: There is one question I should like to ask under this item, with reference to tax forms. I spoke about this the other night in the general budget debate. The receipts issued by the income tax branch show the amount only in figures. I cited a

case which had given the department some considerable difficulty in straightening it out, and I feel that that would not have happened if the receipt had showed the amount both in figures and in words. It may be that the work involved would be too great, but it seems to me that receipts for income tax payments might well be made up in such a way as to show the amount both in figures and in words.

Mr. GIBSON: I agree with the hon. member, but when millions of receipts are going out, if we had some, for example, for $2,222.15 and they had to be written out on the typewriter in full, it would slow down the getting out of receipts very considerably and we would not be able to get them out as quickly as we do by simply showing the figures only on the receipts. I agree that it would be preferable to show it both ways, but with the shortage of staff I do not think it is practical to adopt that method at the present time.

Mr. JACKMAN: How much income is a child allowed to have before it is no longer classified as a dependent, and does it make any difference whether that income forms part of the family budget or is allowed to accumulate for the child?

Mr. ABBOTT: I am advised that the same rule is applied as is applied with respect to the mother, $400. There might be some modification in sheer infancy but, broadly speaking, that is the general rule. The child is considered as wholly dependent on the father.

Mr. HANSON (York-Sunbury): Is the $400 applicable to the wife? I thought it was $660.

Mr. ABBOTT: We are talking about children.

Mr. JACKMAN: It makes no difference whether the child's independent income goes into the family budget or is simply accumulated on behalf of the child?

Mr. ABBOTT: We do not distinguish.

Mr. FRASER (Peterborough West): There are deductions allowed if the taxpayer has a child in a self-contained establishment and employs a housekeeper. He gets a tax credit of $80, plus $28, plus $150 for his married status.

Mr. ABBOTT: That is covered by resolution 8. We are still on resolutiton 7, but the two really go together.

The CHAIRMAN: We are on resolution 7. I have called it carried.

Resolution agreed to

8. That, if a taxpayer maintains one of his children in a self-contained domestic establishment in which he employs a full-time housekeeper or servant, the tax credits of $80 against the graduated tax and $28 against the normal tax be allowed to him in respect of the child notwithstanding that he is entitled to the tax credit of $150 against the graduated tax in respect of that child.

Mr. FRASER (Peterborough West): If a man has a housekeeper he is allowed a tax credit of $150, but if he is earning a salary and his wife has an income of over $660 they are both classed as single and do not get the $150 tax credit. That does not seem quite right. I think that the man and wife should be allowed that $150.

Mr. HANSON (York-Sunbury): Both of them?

Mr. FRASER (Peterborough West): Certainly.

Mr. ABBOTT: Under the law as it stands and has stood for some time, if both husband and wife have an income, let us say the wife has the smaller income and that it exceeds $660, both then lose the $150 tax credit as having married status. It may be arbitrary, but I assume that the justification for it is that the total income is so large that they should not have this special exemption. It is intended primarily for the spouse who is the entire support of his family.

Resolution agreed to.

9. That the basis of taxation under the normal tax and the tax credit against the graduated tax for a married person be limited to a married person who supports the spouse.

Mr. HANSON (York-Sunbury): What does this cover?

Mr. ABBOTT: At present the law by definition automatically allows a married person as such to get $150 tax exemption.

Mr. HANSON (York-Sunbury): Whether he supports her or not?

Mr. ABBOTT: Yes. The husband can obtain this $150 tax credit although he may not have been contributing a dollar to his wife's support and the wife is supported by the son. This credit of $150 for a married person will go to the person who supports the spouse.

Mr. HANSON (York-Sunbury): It takes it away from the man who does not do the supporting.

Mr. ABBOTT: That is it; and as you realize, under the other section, the son would get the $150.

Resolution agreed to.

10. That individuals may reduce income for taxation purposes by the amount of gifts made in money to His Majesty in right of Canada if such gifts are made within the year when the income was received or within four months from the end thereof.

Mr. FRASER (Peterborough West): Would this language, "gifts made in money to His Majesty in right of Canada if such gifts are made within the year", cover gifts of corvettes to His Majesty's Canadian navy?

Mr. ABBOTT: No; they must be gifts to the crown.

Mr. FRASER (Peterborough West): Outright cash?

Mr. ABBOTT: Outright cash. As I indicated in answering a question by the leader of the opposition, this provision is really intended to give relief to a marginal case where the wife's income is, let us say, $665 a year, and as a result of having that $5 over $660 her husband has to pay an extra tax of, say $200. Under these circumstances there is no benefit to the husband and wife in having that extra $5, and under this provision she can make a donation of $5 to the crown and the husband will then retain his exemption as a married man.

Mr. HANSON (York-Sunbury): I suggest that that is a very funny formula. It is some amelioration. I suppose it is a difficult situation to meet by draftsmanship.

Mr. ABBOTT: It was an extremely difficult situation to take care of.

Mr. HANSON (York-Sunbury): If I give to His Majesty in right of Canada a Red Cross ambulance, do I get the benefit of this provision?

Mr. ABBOTT: Perhaps I can illustrate it best by taking the case of a married woman who has an income of, say $1,000, and whose husband happens to have a very large earned income. As a result of the $340 of income which the wife has over the $660, her husband may have to pay a tax very substantially in excess of the $340. It was felt that that was unfair, and we have had a number of representations to that effect.

Mr. HANSON (York-Sunbury): It is unfair.

Mr. ABBOTT: In a number of cases the wife would convert her resources into cash, leaving her without taxable income, but where her income was received under a will or trust that might not be possible. It is now provided that if the wife wishes to do so she may surrender to the crown the amount of income she receives in excess of $660, and in that case her husband will be taxed as a married person and get the tax credit and be taxed at the rates that apply to a married person. I think this is a fair and reasonable and justifiable concession to the class of taxpayer.

Mr. HANSON (York-Sunbury): And the wife would escape taxation altogether?

Mr. ABBOTT: She would pay roughly $300 in taxation.

Mr. HANSON (York-Sunbury): I have no doubt that that is the objective, but this resolution is wider in scope than that. I put this to the minister. Let us say that I give $1,000 to His Majesty, and in the early stages of the war a good many people did donate whatever amount the army said was necessary to buy an ambulance. Under this resolution I could get a reduction in my taxation by the amount of that gift. Is that the law now?

Mr. ABBOTT: I wonder if my hon. friend would just repeat his question? I was having a word with the deputy.

Mr. HANSON (York-Sunbury): I understand that the objective is to give relief to the husband and wife where the wife's income is just a little over $660.

Mr. ABBOTT: Primarily to give relief to the husband, or to give joint relief.

Mr. HANSON (York-Sunbury): It gives relief to both, or it should at all events. But the scope of this resolution is wider than that. It is not limited at all. As I read it, any individual may reduce his income for taxation purposes by the amount of the gifts he made to His Majesty in the right of Canada if the gifts "are made within the year when the income was received or within four months from the end thereof." This is new law.

Mr. ABBOTT: That is correct.

Mr. HANSON (York-Sunbury): What was the position with respect to gifts before? Was there any allowance made?

Mr. ABBOTT: They would have to be included under charitable donations and be subject to the limitation of ten per cent.

Mr. HANSON (York-Sunbury): That clears my point up.

Mr. STIRLING: Under this wording suppose somebody makes a patriotic gift such as was suggested by the hon. member for York-Sunbury. He might give it in the form of a deduction from his capital; yet under this phraseology he would be allowed to reduce his taxable income by the amount of the gift he made in that year.

Mr. ABBOTT: That is correct.

Mr. HANSON (York-Sunbury): That is fair enough too.

Mr. KNOWLES: Resolution 10 represents a provision which has been drafted to take care of an anomaly which has developed in connection with the situation of a man and wife both having earned income. There is another anomaly in the case of a man and wife both having earned income which this provision does not take care of, and which I should like to bring to the attention of the parliamentary assistant.

I may say that we do not seem to be getting along very well this afternoon; we have made a large number of suggestions, but I am afraid our batting average is very poor.

Mr. HANSON (York-Sunbury): You mean you do not get any concessions. You never do.

Mr. KNOWLES: None of our suggestions has been accepted yet to-day. I hope we can change the rule. I realize that most of the suggestions we make one year are accepted the next year, but let us get this one this year.

Let me state the case to the parliamentary assistant in concrete form. Here is the case of a man and wife, both of them medical doctors; and the parliamentary assistant knows that medical doctors are needed in this country and should be encouraged to carry on their practice.

Mr. ABBOTT: My own doctor is in that position; his wife is a doctor.

Mr. GRAYDON: Which one do you go to?

Mr. ABBOTT: I said, my own doctor's wife is a doctor.

Mr. KNOWLES: The purpose of the provision that a married lady may have earned income of any amount—is not that the case; at least it may go over $660, anyway, without its affecting the married staus of the husband—is to encourage them to work. Now, put the two together. We need doctors. The general desire of the government is to encourage married women to work. These two things add up to this, that the government should encourage lady doctors to practise their profession. In the case I refer to—and maybe my hon. friend's doctor's wife is in the same position—here is the situation. The wife, who is a practising physician, has, as a great many doctors have, her own clientele and receives her fees individually from her patients. Because she receives her income in that way as fees from patients and makes over $660, her husband is put on a single status, on the ground that what she receives is not wages or salary, but something else.

As I understood it, the reason for drawing the line which was established was to distinguish between earned income and unearned income, such as invested income from various sources. But take again the case of the lady doctor. If the person to whom I refer was working for a clinic, supposing the clinic consisted of only two or three doctors and the fees were paid to that clinic as such; if she were on salary, even though she received more than she gets now, that would be treated as wages or salary and her husband would be given married status.

That is true not only for married lady doctors, but for married nurses. I think I am correct in this, because I have been in touch with the Minister of National Revenue about it, and I have his letter to this effect: if a married nurse goes on to the staff of a hospital and receives a monthly salary, no matter whether it exceeds $660 a year, her husband is allowed a married status, but if the married nurse takes special cases and receives her fees individually from the patients, either in hospital or in the home—and I put in by way of parenthesis again that we need nurses and that the government is anxious to have these married nurses practise their profession wherever possible—in that case the husband is forced to take a single status if his wife makes over $660. For the life of me I cannot see the reason for the department sticking to that technicality. The letters I have seen, both those addressed to me and copies I have had of letters which have gone to people who are affected by this ruling, simply say that the fees a married lady, be she doctor or nurse, receives on special cases are fees, not wages or salary as defined by the act, and that therefore the husband cannot have a married status. But it seems to me that this business of applying a rule and sticking to the line has been carried a little too far in this case; bearing in mind that the government time and again has said that one of the things it takes into consideration in formulating tax policy is its desired ends, bearing in mind that one of the ends is to encourage doctors and nurses to practise their respective professions, I feel that this line of discrimination should not be drawn, and that we should get away from the practice the parliamentary assistant has followed thus far of only receiving our suggestions and filing them; I hope something will be done with this suggestion.

Mr. ABBOTT: On that point, this was a piece of emergency legislation, and it was introduced because it was found that we needed women workers in the factories pretty badly and for some reason or another they were not willing to go and work—per-

haps we cannot blame them—if it meant that their husbands were going to be penalized by a somewhat higher income tax; they would stop when they got to $660 a year. So that on grounds of expediency, if you will, this measure was introduced last year. Incidentally it would appear to discriminate against the lady doctor, for instance—

Mr. KNOWLES: And the married nurse.

Mr. ABBOTT: —and the married nurse. But my view is that we probably should not have had it in the legislation at all, on the strict ground of principle. Nevertheless we have had to put it in so as to ensure the services of these workers. I will bring the remarks of my hon. friend to the attention of the minister, but my belief is that the principle should not be extended.

Mr. KNOWLES: This is not a case of intimidation, but I want to give the actual case in human terms of two doctors I know. The lady in question has indifferent health; it has been touch-and-go with her whether to continue in practice or not, and I am afraid that this may be the deciding factor. I do not say it is the whole cause which may lead her to discontinue her practice, but in the situation as it has been, the considerable difference which it makes to their total tax may be the deciding factor. If that is the case with the married lady doctor, I imagine there must be a good many cases similar to that so far as special nurses are concerned, because special nurses are in a little different situation from that of the lady doctor who has her office and an established practice. A special nurse might take cases or she might decide not to do so, because she would be in exactly the position described by the parliamentary assistant with respect to war workers. Once she gets up to $660 she may take the view that working will result in a loss rather than in a gain to her and her husband. She may decide that there is no point in doing it. We are dealing with human situations. The parliamentary assistant has admitted that this is a matter of expediency and I cannot see any sense in drawing the line where it has been drawn. I hope that when the parliamentary assistant takes the matter up with the minister and his officials they will give favourable consideration to my representations.

Mr. JACKMAN: I had hoped that the parliamentary assistant, who is new to his position, would bring a fresh point of view to bear upon it and not so easily succumb to the chill atmosphere, the love of theory and of easy administration, which to my mind has permeated both these departments for some considerable time now. There is nothing anomalous about the situation mentioned by the hon. member who spoke before me. No wife will take on work in any field, whether in home nursing, in medical practice, or in a munitions factory if it will have such an effect on the joint income of husband and wife that the family as a unit will secure no return from her efforts. That situation will obtain whether in war or in peace, and this committee is not very much concerned with the theory of taxation as suggested by the parliamentary assistant. The question is whether we can get goods and services produced for the Canadian people; and in my opinion, instead of being bound by some slight technicality, as the department is permitting itself to be bound at the present time, the parliamentary assistant should take a broader view. Surely he is allowing himself to succumb to a technicality. Even if the whole rule were changed a year or so ago, after insistence on the part of the opposition, being finally adopted by the administration, even if it were changed as a matter of expediency, I believe the expedient is a sound one; even though it may be against some theory of taxation, it is one which should be embodied as a principle of taxation under the laws of the country and carried into the post-war period. Otherwise we shall find our taxation laws keeping goods and services from being produced for the Canadian people. I maintain that the taxation laws should be made for the people and not the people for the taxation laws. The thing is entirely unfair, and I am not content to have the parliamentary assistant say that he will carry our grievance to the minister and perhaps obtain some redress. I simply wish to reassert what has been previously said, that suggestions made in this house one year, or two or three years ago, have been pigeon-holed and filed by the administration, and finally they are brought out as amendments to the income tax act, but long after the necessity for them has made itself felt—and, as my hon. friend says, on the eve of an election, although I do not think that refers to this particular case. Here we have an urgent need for more nurses in the field, more lady doctors, greater production of all types and more services; and yet the government is adamant about the matter, although it merely carries out an expedient which it adopted in a previous year and which, I submit, should be put into the form of a principle applicable throughout our taxation in Canada, in war time as well as in peace.

Mr. HANSON (York-Sunbury): What is the objection to going the whole way?

Mr. ABBOTT: We want more workers in the plants. I suppose, if there are not enough nurses or lady doctors we may have to add additional financial inducements to get them, but somebody else will have to pay the taxes that they do not pay.

Mr. JACKMAN: Not at all. That is where the parliamentary assistant is wrong. He says that somebody else will have to pay the taxes; nothing of the sort. The money will not be earned because the goods will not be produced and the services will not be rendered.

Mr. ABBOTT: My hon. friend takes a lower view of the professional classes than I do.

Mr. JACKMAN: I have the floor for the moment. These goods will not be produced, nor will the services be rendered because it will not be worth a person's while. It is no use advancing theories about morals and practicality. People must have some inducement. The minister himself said so. Why does he remove the compulsory savings? It is not to remove taxation at all; the object is that people shall have money. And they must have it in their pockets. That is the only effect which the removal of the compulsory savings provision will have so far as the people are concerned. In this case no one will pay the tax, because the value of these goods and services will not be created and therefore there will be no tax and no increase in the standard of living for the people. It is this sort of thinking that keeps the country behind, and it is high time that the income tax department and those who are supposed to be dictating the laws of the country in that regard, or presenting them to us for our consideration, decided to listen to what members of parliament have to say, speaking from their experience.

Mr. ABBOTT: I am all for lower taxes, but I think it is a little too early to go at it too hard.

Mr. JACKMAN: I am asking the parliamentary assistant a question. If these people do not work, what will happen? We had it from my hon. friend that this is a definite question, from a practical case which he brought before the committee, of a nurse who, if her husband is reduced to single tax status, will not find it worth while. People do not work without making some sacrifice, and they must be given a reward for working in war time just as well as in peace time. The parliamentary assistant said that someone else will pay the taxes. If these people do not work, for the reason that there is no incentive for them to work by reason of the effect which this taxation will have, is somebody else going to pay the extra taxes?

Mr. ABBOTT: Yes. Someone else is going to pay the taxes. We know what our budget will be. I do not believe that a concession of $150 to a married woman, or two per cent in the tax rate, will prevent any self-respecting doctor or self-respecting nurse from working under existing conditions when the country needs their services. My hon. friend may think so, but I do not.

Mr. JACKMAN: The parliamentary assistant does not understand much about life.

Mr. ABBOTT: I think I understand as much as my hon. friend does.

Mr. JACKMAN: If a lady doctor or a lady nurse goes out she will have to get someone to look after the house. There are always expenses that must be incurred in earning income. I know situations where people have had to get someone else to look after the children. A woman may have left her profession for a few years and now decides to answer the call for nurses or doctors, but if there is absolutely no monetary incentive for her to do so she may not feel it worth while. I do not see what objection there is from the point of view of administration.

Mr. HANSON (York-Sunbury): Strange as it may seem to the parliamentary assistant, human nature is very much as suggested by my colleague. Not many weeks ago I had an illustration of a lady residing in this city, who was a competent stenographer and who had an opportunity to take a position with the wartime prices and trade board, shall I say—I have forgotten exactly. She was in receipt of a substantial dependents' allowance because of the service of her son. She was in a quandary to know whether she should take the job and lose the dependents' allowance or not. I tried to figure it out mathematically to show that she would be better off, but she said, "What about the taxes I have to pay if I take the job? I can sit back quietly and live on the dependents' allowance, or I can work eight hours a day for the government and have them take from me so much out of my pay cheque—so much deduction for this, so much for deduction for war saving certificates, and what-not." She

said, "I had better be an idle fool." I tried to controvert that frame of mind. It was a frame of mind. I am not sure that I was successful. Therefore there is something in what the hon. member for Rosedale has said. The parliamentary assistant cannot just toss it off by saying that people will be patriotic. People want an incentive. I think he will recognize that.

Mr. ABBOTT: Yes, I recognize that. My contention is that the incentive is not completely removed.

Mr. NOSEWORTHY: I am sorry that I missed a part of the discussion. Do I understand that resolution 10 has a provision whereby an individual may make a gift of a small sum to the government in order to avoid paying a larger sum?

Mr. ABBOTT: The hon. member's colleague, the hon. member for Winnipeg North Centre, is, I think, fully aware of the purpose of this resolution. It is to enable a wife, which is a typical case, to make a gift to the crown of the amount of income she has in excess of $660 in order to prevent her husband from losing the benefit of the tax rates applicable to a married person. In other words, it may happen that a wife whose income happens to run over $660, say $665, may involve her husband in the payment of some $150 or $200 additional tax. It was felt that was unfair. The wife, of course, could obviously correct that by selling something or by reducing her income to $660. It was felt that it was unreasonable to expect that sort of thing to be done.

Mr. NOSEWORTHY: Is there anything to prevent a taxpayer from making a small donation to the government that would get him in a lower income bracket?

Mr. ABBOTT: But I assume he would derive no benefit from that.

Mr. KNOWLES: I should like to call the parliamentary assistant's attention to the language he just used in referring to what is now the government's own proposal. He said the government felt that what resulted from the working of the law was unfair. Because it was unfair the government has brought in this adjustment; and yet when we on this side bring up points which we feel are unfair the parliamentary assistant says we are trying to get concessions, trying to stop people from doing their patriotic duty and so on. I suggest to the parliamentary assistant that he take a more reasonable attitude. We are making our appeals in the spirit of the third consideration the Minister of Finance gave to this house in his budget speech, that these high tax rates have brought out certain anomalies, certain cases of injustice, and so on. All we are doing is bringing to the attention of the administration some that they have not yet seen, and we urge that, if it cannot be done on the floor of the house, the department give some further favourable and reasonable consideration to these requests.

Resolution agreed to.

11. That payment by an employer to an employee upon retirement, other than a payment out of a superannuation or pension fund or plan, if the Minister of National Revenue is satisfied that such payment is in recognition of long service, be deemed to be income of the retired employee over a period of five years rather than income in the year when received.

Mr. JACKMAN: I think this resolution is satisfactory as far as it goes and represents an improvement in what existed before. Nevertheless, if an employee, let us say, were to receive $5,000 or, in some cases $10,000 as a retirement allowance in a lump sum, which, I presume, is to keep him for the rest of his life, it will come into only five taxation years, not over the period of his whole life expectancy which may be fifteen or twenty years. I am wondering why the department is not taking this sum, say $10,000, and spreading it over his life expectancy. If he does not live that long I presume some adjustment could be made in the final year On the other hand, unless the employee receives it for a period of service the period in which it will be taxable has no relativity to the length of time he took to earn that amount. Why does the department fix the period at five years, which is by no means the period contemplated by the employer or the employee to receive the benefit of the superannuation fund?

Mr. ABBOTT: If I have understood my hon. friend's inquiry correctly, under section 3 (c), as he is aware, where payments are now made out of a superannuation fund or a plan or a lump sum payment—maybe I had better read the section:

Any payment out of any superannuation or pension fund or plan, provided however that in the case of a lump sum payment out of any such pension or plan which is paid upon the death, withdrawal or retirement from employment of any employee or former employee in full satisfaction of all his rights in any such fund or plan, one-third of such lump sum shall be deemed to be income.

That is the rule where it comes out of an established superannuation fund or plan, but a good many firms do not have any established

regular superannuation pension or plan and on the retirement of an old employee they make a lump sum payment, not perhaps with the view that this payment will support him for the rest of his life, but rather in the nature of recognition of his service.

Mr. HANSON (York-Sunbury): A gratuity.

Mr. ABBOTT: In the nature of a gratuity. Up to the present that would be taxable in its entirety in the year in which it was paid. The proposed provision would spread the payment over five years.

Mr. HANSON (York-Sunbury): I suggest to the minister that the scientific method of handling this amount is the expectancy of life. That is easily ascertained. Five years is purely arbitrary. I would press strongly for the adoption of the principle of the scientific method of doing it.

Mr. ABBOTT: I shall be glad to look into that. A good many of these payments are made to old or elderly men, and if they are over a certain age the mortality table does not apply.

Mr. JACKMAN: It always applies.

Mr. ABBOTT: They may get it all in one year.

Mr. HANSON (York-Sunbury): He would have to be pretty old to get it all in one year.

Mr. JACKMAN: They are retiring people at sixty-five now.

Mr. HANSON (York-Sunbury): And they are going to retire them at sixty.

Mr. JACKMAN: You would be getting from four to ten times the amount by reason of this rule.

Mr. ABBOTT: If the committee would care to have this resolution stand I am satisfied. I see some objections and some advantages to the suggestion.

Mr. HANSON (York-Sunbury): Do you not see some merit in the suggestion?

Mr. ABBOTT: Yes; I have indicated that I see some merit in it.

Mr. JACKMAN: The parliamentary assistant has gone so far with us; I wonder if he would grant that there is something in the suggestion that life expectancy is the principle that should be taken. A man may be employed in a business that has folded up, and he may be given a substantial amount in lieu of his expectation with the company, but he may still be a young man of only forty-five or fifty years of age. There are cases like that. Why cannot we frame something which at least has a relation to the life expectancy of the man?

Mr. ABBOTT: I shall be very glad to give consideration to that. I can see, of course, where certain men would get advantages. An elderly man whose life expectancy was three, four or five years would have an advantage over a younger man whose life expectancy may be twenty years.

Mr. JACKMAN: I accept the amendment of five years as far as it goes.

Resolution stands.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN: We are on resolution 11.

Mr. ABBOTT: Stands.

Resolution stands.

12. That an employee be allowed to deduct from income the amount, not exceeding three hundred dollars per year, paid by him to an employees' superannuation or pension fund or plan approved by the minister with respect to service rendered previous to the taxation year when he was not a contributor to the fund or plan.

Resolution agreed to.

13. That a member of a trade union be allowed to deduct from income the amount, not exceeding three hundred dollars per year, paid by him in the form of union dues to a superannuation or pension fund or plan approved by the minister.

Resolution agreed to.

14. That the refundable portion of tax in respect of which a taxpayer is entitled to repayment be refunded to a taxpayer when he reaches the age of sixty-five years in the case of a taxpayer whose income is less than five thousand dollars.

Resolution agreed to.

15. That, in respect of the taxation year 1939 and subsequent years, the time for serving a notice of appeal upon the Minister of National Revenue, in the case of members of the armed forces overseas, be extended to one year after the date of mailing of the notice of assessment or for such further period as the minister may allow.

Resolution agreed to.

16. That any amount paid pursuant to a decree, order or judgment made in an action or proceeding for divorce or judicial separation, or pursuant to a separation agreement, as alimony or other allowance for the maintenance of the recipient thereof or of children of the marriage, be allowed as a deduction from income of the payor and that he be not entitled to tax credits in respect of the wife or children to whom or on whose behalf the payments are made, and that the present provision whereby he is entitled to deduct from tax the tax paid by his spouse or former spouse on the amount so paid as alimony or other allowance be repealed.

Resolution agreed to.

17. That exemption from taxation be granted to any limited-dividend housing corporation organized to construct, hold and manage houses built as a low-rental housing project and subject to conditions as to limitation of dividends set out in or pursuant to the National Housing Act, 1938, or any subsequent act of the parliament of Canada designed to encourage the building of houses or the providing of adequate housing accommodation at low rentals.

Resolution agreed to.

18. That with respect to returns filed in 1944 and subsequent years the penalty for failure to file a return be reduced to a penalty of 5 per cent of the amount of the tax unpaid at the date when the return was due with a minimum penalty of $5 and a maximum penalty of $500.

Resolution agreed to.

19. That the deduction in respect of tax paid to Great Britain or any of its self-governing dominions or dependencies or any foreign country for income tax in respect of income derived from sources therein, be made from the tax other than the refundable portion.

Resolution agreed to.

20. That the right of the minister to reassess or make additional assessments in respect of any tax year be limited to a period of six years from the date of the original assessment, except where the taxpayer has made any misrepresentation or committed any fraud in making his return or supplying information under the act

Resolution agreed to.

21. That the interest payable on taxes not paid when due be reduced from five per centum to four per centum.

Resolution agreed to.

22. That losses sustained in 1944 and fiscal periods ending therein and all subsequent periods by any person carrying on a business may be deducted from profits derived from the business either in the year immediately preceding or in the three years immediately succeeding the taxation year.

Resolution agreed to.

23. That expenditures in respect of scientific research directly or indirectly related to the taxpayer's business, whether of a current or capital nature, be allowed as a deductible expense, in the case of expenditures of a current nature, in the year when the expenditures are made and, in the case of expenditures of a capital nature, over a three year period commencing with the year of expenditure.

[Mr Abbott.]

Mr. COLDWELL: I have no objection to proper appropriations or concessions being made for scientific research, that is a field in which we as a parliament, have been negligent to some extent. We have not encouraged scientific research in this dominion as we should have done.

Particularly I would say a word on behalf of our own national research council. As I said the other day, many young scientists who enter the employ of the national research council find the salary conditions unattractive. As hon. members know, the salaries paid are comparatively low. It seems to me that we might well consider a very much larger appropriation for the national research council, particularly to maintain the services of scientists who enter its employ.

I have put in a plea of this kind for several years, and I wish to do so again to-night, because this is a new country with undeveloped resources. In time of peace, before the war, we had resources which were not used as they might have been, because we had not made the experiments which would have enabled us to use them. I am thinking at this time of the manufacture of alcohol for industrial purposes from field grains, and the distillation of oil and gasoline from coal, which has been developed to such an extent in Great Britain and some of the European countries. I make this plea again to-night, and say that we should not be bonusing private corporations to do this research work. We should be doing a great deal of it ourselves, through our own research council. It seems to me that we have been thoroughly negligent in that field.

The same applies to the field of medicine. The hon. member for Portage la Prairie brought before us very forcibly the other day the necessity for further inquiries into cancer cures. A great many scientific proposals are being made at the present time, and we are not using the facilities we have, nor are we building up facilities to inquire into such proposals, and to develop them for the good of the Canadian people. We should be urging the Department of Finance and the government to appropriate a much larger sum of money for research in Canada, and to build up, not only on a national but also on a regional basis, research enterprises directly responsible to the government, which would assist us in developing our resources, and in the use of many of the products we have not been able to use in the past.

Mr. HANSON (York-Sunbury): When the committee rose at six o'clock we were at resolution 11. I entered this chamber at three minutes after eight o'clock, having been detained temporarily in the elevator, and I find that we have jumped to resolution 23. I suggest that that is railroading.

Some hon. MEMBERS: No, no.

Mr. HANSON (York-Sunbury): I object to it; you can call it what you like.

The CHAIRMAN: Order.

Mr. HANSON (York-Sunbury): They were passed as fast as they could be called.

The CHAIRMAN: Order. If I may be allowed, as chairman, I must object to the term "railroading."

Mr. HANSON (York-Sunbury): I withdraw that, then. But I will say—

The CHAIRMAN: May I explain what happened? I was in the chair at one minute to eight o'clock. The bells rang at eight o'clock. At one minute after eight o'clock we had a full quorum, and I called each resolution in order. I called all of them, and all were passed with the exception of resolution 11, which was allowed to stand. However, I did call all the other resolutions, one by one, up to resolution 23, and they were passed by the committee.

Mr. HANSON (York-Sunbury): Mr. Chairman, you called them one by one and declared them carried before the members were really here to go to work.

Mr. MACKENZIE (Vancouver Centre): No; there was a quorum.

Mr. HANSON (York-Sunbury): Well, I wish to speak to resolution 15, which refers to notice of appeal from an assessment. I should like to make some observations with respect to that resolution, and I would ask the committee to revert to resolution 15.

Mr. ABBOTT: That is agreeable.

The CHAIRMAN: If it is the pleasure of the committee, we shall revert to resolution 15.

Mr. HANSON (York-Sunbury): Thank you, Mr. Chairman.

Resolution agreed to.

15. That, in respect of the taxation year 1939 and subsequent years, the time for serving a notice of appeal upon the Minister of National Revenue, in the case of members of the armed forces overseas, be extended to one year after the date of mailing of the notice of assessment or for such further period as the minister may allow.

Mr. HANSON (York-Sunbury): Under the provisions of the Income War Tax Act, if a taxpayer is dissatisfied with his assessment, within thirty days he serves notice of appeal directed to the Minister of National Revenue. That is not just the ordinary notice of appeal that one visualizes in connection with court proceedings. It is not only a notice of appeal; it is a statement of fact, and one has to incorporate with that the grounds of his appeal. In other words, it is equivalent to a factum on appeal, in the appeal courts of this country.

I am not objecting to that very much, because while it may have to be done rather hurriedly, there is a provision for a subsequent and fuller statement of facts and other grounds which may be submitted at a later stage. What I object to is that the notice of appeal, under the procedure laid down in the statute, is from Caesar to Caesar. It is not in accordance with the principles of British justice.

Here we have an assessment made by a Minister of National Revenue. That, of course, is notice to a taxpayer as to his position with respect to his income tax return as filed. Unless he takes action, of course that automatically goes into effect, and he is bound by the terms of the assessment. Should he be aggrieved, either on a point of fact or on a point of law, it is his inalienable right, under every principle of British justice, that he should have an appeal. The statute recognizes the principle, but sets out what I consider to be a non-British system of appeal. You appeal to the man who was your judge in the first instance, and you appeal on the same set of facts. Unless there has been a clear omission on the part of the taxing authority in the first instance, you appeal to the same taxing officer who previously assessed and judged. That is not an appeal at all. If it ended there it would be disastrous. As far as I understand, there is no opportunity to argue the appeal before the appellate court, if you can so call it; that is the minister. You are judged on the statement of facts and the grounds for appeal which you file in writing. As I said before, it is an appeal from Caesar to Caesar. That is bad in principle. If I have adequately stated the principle for which I am contending, I am sure the membership of this committee will agree with me.

I object that you are appealing to the tribunal which has already judged you, which has already imposed an assessment upon you. It is not an appeal except in name. It is not even another trial, because there is no opportunity, except in the written submission that has to be made rather hurriedly, to argue your case on appeal. I say that to have that kind of appeal is a travesty on justice.

Fortunately the administration of the day provided an additional system. When the minister gives his second decision, which he does *ex parte*, and refuses the appeal—I assume that is done in 99-9/10 per cent of the cases—there is a provision that the appellant may file notice of dissatisfaction and ask that the case be set down for hearing before the exchequer court. I should like to know just how many appeals the minister has allowed.

I am going to give the minister a constructive suggestion. I have already intimated that I do not consider this to be an appeal at all. The appeal ought to be to a judicial body of some kind. I have discussed this matter with more than one person and have come to the conclusion that the appeal should not be to the Minister of National Revenue. He has already judged the case on the same material. The appeal should be to an independent body, judicial in character, which would have the right to hear the parties to the appeal, including the crown. In my view this body should consist of a judge of a high court with the necessary character and ability and capacity. He should be surrounded with what in shipping law we would call nautical assessors; that is, he would have one or more chartered accountants, men who were versed in income tax law and who understood the principle of the income tax structure.

The appeal would be to a body which would be receiving *de novo* the proposals of the appellant and viewing them dispassionately in the calm light of the facts and the law applicable thereto, and in accordance with the allegations set out in the factum filed by the appellant. Of course consideration would also be given to the right of the crown to reply in writing and to have the matter argued. That is the only way by which I can see that we would have a proper appeal. To-day the position is really a travesty on justice. It may be that that is too strong a term to use. There is no personal reflection on the minister, as he will understand, and if he objects to the term I will withdraw it. But to me it is not an appeal at all. It is not fair to the subject whose rights are in question. It is a loaded court. A decision has already been reached on the same set of facts that will be before the appellate jurisdiction. I think all I have to do is to state the facts and this committee will agree that we ought to set up a new jurisdiction this session to hear these appeals. I believe that if the minister will consult with his officials in the income tax division he will find that there is a volume of opinion there to support the position which I take.

I do not see how the provision can be defended. I cannot recall having discussed this matter in parliament before when the provisions were put there. If I were in the house and did not do so, I would say that I was recreant in my duty as a member of this house in allowing that sort of thing to go on the statute books. The only parallel I can find is in the customs department. In days gone by I used to have a considerable experience in connection with customs assessments and what-not, and I would appeal from the decision of the commissioner of customs to the minister of customs. I can remember only one case in a long line of cases that I handled before becoming a member of this house where the minister of customs reversed the decision of the commissioner of customs; I was successful only once in a series of cases.

You have to have such an overwhelmingly strong case that it would be a denial of justice to do otherwise than to grant the appeal. That is the only parallel I can find in the laws of Canada. I am not suggesting that the minister does not give some consideration to these appeals, but I wonder just how much consideration he does give. Does he sit down calmly with his advisers in a judicial atmosphere and consider the merits of these appeals? I am going to ask the Minister of National Revenue to tell us how many appeals have come before him since he has been minister of that department. I am going to go farther than that and ask him how many appeals have come before the department since this procedure was placed on the statute books and how many have been allowed.

Why is it that the appellant has not the right to be heard? To me the very essence of an appeal is the privilege that goes with it for the appellant or his counsel to state his case and argue it, as he would before a court of justice. Otherwise it is just going through the motions and form of an appeal. I suggest that in a democratic country like Canada that is not good enough. I hope I have not overstated this case because I do not want to do anything like that. I am arguing now for the revision of the procedure relating to appeals.

Let us have a real appeal from the decision of the minister. The only analogy I would draw is an appeal from the judgment of a trial court. To appeal to the judge of a trial court against his own decision would be to me just so much futility. Let us have a real appeal, and I suggest a method which commends itself to my judgment.

There may be other methods that are perhaps better. Why should there not be an appeal direct, we will say, to the exchequer court of this country from the original assess-

ment? It is not easy to make an appeal. You have first to put up security for costs in the sum of $400. That will prevent frivolous appeals. I suggest that that is a substantial sum to put up for security for costs in an appeal. In the ordinary appeals in my part of the country from the judgment of the trial court of king's bench to the court of appeal you do not have to put up any security for costs. I realize that if there were not something in the nature of security demanded there might be all kinds of frivolous appeals in the hope that perhaps some of them would stick and the appellant might win. They would incur no risk, and it would cost them only their out-of-pocket expenses. But here you have to put up $400 as security for costs when you give your notice of dissatisfaction with the assessment after the minister has formed his own judgment. That is a substantial sum. It certainly prevents frivolous appeals.

I do beg the minister to give consideration now, at this session of parliament, to reforming the law—and reform is long overdue—so that there shall be an appeal that will be in fact an appeal, to the end that justice may at least have a chance to function. I do not want the minister to take any wrong interpretation from that statement. He is a lawyer, and those of us who belong to the legal profession know that you cannot have a real appeal to a man who has already decided the matters at issue. What kind of appeal is that? It is just a *pro forma* appeal. It is not an appeal in fact at all or in essence. We ought to have something better than that in this country.

Mr. ABBOTT: The worst you can say of it is that it is a piece of waste motion.

Mr. HANSON (York-Sunbury): Why should we have to go through empty motions and forms? I am glad that the parliamentary assistant has made that remark because I think his mind is following me sympathetically.

Mr. ABBOTT: I did not say that I agree with you. I said that the worst you could say of it was that it was a bit of waste motion.

Mr. HANSON (York-Sunbury): That is praising it faintly.

Mr. MARTIN: And condemning it forcibly.

Mr. HANSON (York-Sunbury): I appeal to the hon. member for Essex East if I am not absolutely right.

Mr. MARTIN: I agree with you.

Mr. HANSON (York-Sunbury): I am delighted to hear that response. I should also like to get some response from the members on the treasury benches. I appeal to the Minister of Fisheries, an eminent lawyer, who has no doubt practised in the high courts of his native province, if he does not agree with me.

Mr. BERTRAND (Laurier): I am sorry, but I came in too late to hear the hon. gentleman's argument.

Mr. HANSON (York-Sunbury): I am sorry, too. I do not want to repeat the argument just for the minister's benefit, but I am sure that if I did I would have a sympathetic ear. I see the Minister of Labour looking at me across the way. He has been following me very intently and I am satisfied that he is 100 per cent with me. He is not a lawyer, but in most things he has a large share of common sense. I am going to pay him that compliment, making some reservations, of course.

To come back to my thesis, I earnestly implore the Minister of National Revenue to wipe out what I think is this blot on the administration of the income tax laws of this country. Eventually you get to the exchequer court, but you have first to go through such a lot of empty gestures as the parliamentary assistant has suggested. I want to see a real appeal put on the statute books. It is the right of a citizen to have an appeal. Let me go farther and say that it is a principle of law that the crown has no right to tax the subject unless by express terms in a statute. That is something we have retained since the days of Magna Charta. If there is any doubt about the right of the crown to tax the subject, the crown loses; the benefit of the doubt is given to the subject. But our taxation legislation is continually shifting the burden from the crown, which seeks to impose the tax, on to the subject to show that he should not be taxed. That is not the true principle of taxing legislation. What I have just said is really elementary and will be found in any work on the interpretation of statutes.

I ask the minister to give consideration to the important subject that I have brought up to-night, which it has been in my mind for some time to do, and I ask him that before the bill to be founded on these resolutions is introduced into this house he give consideration, and adequate consideration, to the proposals I have made to do away with what I believe to be a false kind of appeal and give us a real appeal in law. I am sure that any other jurisdiction, if it were brought to the attention of the people of this country,

they would be shocked by the present kind of appeal. I earnestly request the minister to give consideration to what I have said. I believe that with his sense of justice and equity he will agree with the proposal I have made here to-night.

Mr. GIBSON: I am very largely in agreement with much of what the hon. member for York-Sunbury has just said. I do not agree altogether. He said that at present the appeal is to a man who has already decided the matter in issue. Theoretically that may be so, but in ordinary practice the assessments are made in the district offices and, while made in the name of the minister, they do not in the ordinary course come to his attention. When an appeal is made it is made to the minister. It is not altogether a happy situation, as the hon. member has suggested. We have dealt with other cases by the setting up of boards. We have, for example, the board of referees to deal with standard profits. That board consists of a supreme court judge, an accountant and a business man, and I think that throughout the country that board is highly respected. The taxpayers who appear before it have not always got exactly what they wanted, but they have felt that they had very fair treatment, and I have heard nothing but commendation for the work of the board.

Mr. HANSON (York-Sunbury): The public consider it an impartial tribunal.

Mr. GIBSON: Quite. I have given consideration and am at present considering the advisability of securing authority to set up a similar board which would advise the minister on appeals that are taken under the act. I think that would be a more workable solution than having an independent board set up to deal with the case after the original appeal has come before the minister. It would be just one more step if a board were set up to deal with the case after the minister had passed upon it.

Mr. HANSON (York-Sunbury): That is not what I suggested. I suggested that there be no appeal to the minister at all once the assessment is made.

Mr. GIBSON: It would amount to very much the same thing if a board were set up to advise the minister because, if the minister had confidence in the board, he would undoubtedly accept its recommendations. The taxpayer would then have the right to appeal further.

Mr. GRAYDON: If that is the case, then the minister and the Minister of Munitions and Supply are arguing exactly opposite.

[Mr. R. B. Hanson.]

Mr. HANSON (York-Sunbury): On principle.

Mr. GRAYDON: The Minister of Munitions and Supply said absolutely the opposite to that.

Mr. GIBSON: I am just dealing with the income tax division at the present time. It has been suggested that while these appeals must be filed in writing the taxpayer has no right to appear in person. I would say that while the act does not say that he has the right to appear, actually in very many cases he does come down to state his case before the minister; and cases under appeal, in some of which the appeal had not actually been filed, have been dealt with by having a personal interview so that a hearing can be given to the taxpayer himself.

Mr. HANSON (York-Sunbury): That is news to me. There is nothing in the statute which provides for that. Nobody ever told me that an appellant had the right to appear before the minister.

Mr. GIBSON: Many taxpayers do come down and ask for a hearing.

Mr. HANSON (York-Sunbury): That is, by courtesy.

Mr. GIBSON: It is given by courtesy yes, but certainly it is given in a great many cases.

With regard to the number of appeals which have been heard, I could not of course state how many have been made in the past few years. That can be ascertained. There has been quite a large number, but I do not know offhand how many have been allowed and how many refused.

Mr. HANSON (York-Sunbury): I am certainly encouraged by the frame of mind of the minister, because it shows that he at least is impressed with the injustice of the present procedure and wants to establish something better in lieu of it. I congratulate him upon that, because, as a rule, you do not find him very receptive to suggestions from this side of the house, and I must have great merit, I think, in what I am advocating to get that far. So that I am pleased with the minister and rather pleased with myself.

The minister says this, that in practice the assessment is not made by the minister. I suppose that is correct; he could not possibly attend to it. But the minister or the statute has designated a person to act for him, and of course the act is a ministerial act and is his act. I think he will agree with me that in law the making of an assessment itself is a ministerial act.

Mr. GIBSON: That is right.

Mr. HANSON (York-Sunbury): Therefore it is his act, and to go back to him is futile. I think we had better by-pass that, even though he has a good board of referees to assist him in making decisions. What I want to do is to get away from the atmosphere of the department, from a point of view which is already asserted when you are going to judge something a second time.

There is merit in this suggestion. We all know what the administrative mind is. The administrative mind is to conform as near as may be to what has already been asserted by the department concerned. We ought to get away from that. Let us avoid that atmosphere by putting the matter in the hands of an impartial and competent tribunal. It may very well be that, except on questions of pure law, there should not be any further appeal, to the Exchequer Court of Canada; but I should like to give consideration to that proposal even though I am making it at the moment, that on questions of fact the decisions of the tribunal to which I refer would be final, but that on questions of law, questions relating we will say to jurisdiction to tax, which is a question of law, there should be an appeal to the Exchequer Court of Canada.

I should like the minister to go a little farther than he has gone. He is thinking about it; I can see that. It has been a subject-matter of discussion in his department; I think I know that; and I am pressing for action at this session of parliament. It is not a very big job to draft amendments to the statute to take the place of those already existing. I believe I could do it myself very quickly if my ideas were allowed to prevail, or I would be glad to sit in and help draft an appropriate section. I am in earnest about this, and I think I am right; I believe that thereby justice will prevail in a greater degree than it does under the present system. I say that, again without any reflection on the personnel; but I am impressed with the fact that you are appealing to the same jurisdiction, and that is not a good form of appeal. I would ask the minister if between now and the time these resolutions are finished with, before the introduction of the bill to be founded on them, the department will give consideration to amending the statute along the lines I have suggested. If we cannot agree on the details of what the new tribunal is to be, we can fight it out here in the chamber at a later date. But let us do something in the way of real reform. There is an opportunity to reform the procedure, an opportunity to do real justice, and I am going to ask any hon. member who has had experience in taxation appeals to give me the benefit of his views and let me know what he thinks of the principles I am trying to establish here this evening. I feel that I am on very sound ground, and I am encouraged to think the minister himself, in his heart of hearts, believes that I am on sound ground and that a reform should be had.

Mr. ABBOTT: May I say a word on this question of tax appeals? In days gone past I have had some considerable experience in this matter, and as my hon. friend probably knows I have a good deal of sympathy with the views he has expressed.

What he is suggesting is, in effect, that we set up something in the nature of a board of tax appeals, such as they have, I believe, in other countries. The Minister of National Revenue has indicated that he has been giving consideration to a form of advisory board to advise in connection with appeals to the minister. That is a new thought to me. It has some merit. The hon. member for York-Sunbury will appreciate that the question of cost is involved. If we set up a board of tax appeals before which counsel will appear as in the procedure upon a regular appeal, and there is a subsequent appeal to the exchequer court, there might well be some additional costs involved, but many appeals might be disposed of satisfactorily by an advisory committee to the minister in the way he has indicated. To me the thought is a new one and personally I should like to give it some consideration. I cannot, of course, speak for the Minister of Finance, but I will bring to his attention the discussion which has arisen this evening. I know, as the Minister of National Revenue has already indicated, the matter will be given further consideration before the bill is brought in, and probably the hon. member for York-Sunbury and other hon. members who are interested in the subject might also give it a little more thought in view of the discussion which has been raised at this time.

Mr. HANSON (York-Sunbury): I thank the parliamentary assistant for so much; not much, but something. He raised the bogey of costs. Well, every appellant takes the risk of having his appeal disallowed; and in the present instance you have to put up security for costs in the amount of $400 if you go on to the exchequer court. I am satisfied, as I think I said, that in a bona fide appeal some security for costs should be given to the crown. That is to prevent frivolous appeals, and there will be frivolous appeals unless there is something at stake.

Mr. ABBOTT: That is a fine way to get away from paying your taxes too.

Mr. HANSON (York-Sunbury): Oh, they carry interest, and fairly heavy interest. That ought to be penalty enough, I think, so far as the crown is concerned.

Mr. ABBOTT: For the man who is financially uncertain it has great attractions.

Mr. HANSON (York-Sunbury): Everyone knows if he has a bona fide case for an appeal or not; that is, if he is well advised, if he employs a competent lawyer or tax expert. Nowadays, with every provincial legislature setting up commission after commission, the lawyers have half their practice taken away. The business of the lawyers has been cut in two by reason of the actions of provincial legislatures in taking away from them the work they used to have. Have a heart so far as the lawyers are concerned.

An hon. MEMBER: Or by a trust company.

Mr. HANSON (York-Sunbury): Yes, or by a trust company. I do not sympathize with the point of view that the question of costs should be an issue at all. I do not think that consideration should be mooted in parliament. It must be done on principles of justice and not on the question of expediency, because that is what the interjecting of this question of costs means.

Mr. ABBOTT: My only thought was whether we should set up a procedure which would necessarily impose considerable costs on the appellant when another procedure might give him the remedy without these costs. He has always recourse to the exchequer court, and I am proceeding on that assumption.

Mr. CHURCH: There is nothing that is causing the soldiers overseas more worry and trouble, and their families at home as well, than the principle involved in the assessment and the notification of assessments as well as appeal to the minister. We have two ministers in charge of this bill to-night—the parliamentary assistant and the Minister of National Revenue, both distinguished soldiers. I was in hopes that now we have reached the end of the fifth year of the war there might be some more just and equitable way of dealing with this matter and sometimes at the base from the point of view of the men serving overseas. In the first place, the relatives at home get the assessment and they do not know what to do with it. A good many of them have come and asked me what they should do with it. This section does not go far enough, or in my opinion it should be struck out altogether. The municipalities have a different way of approaching the principle of assessment and appeal contained in this system so far as the soldier overseas is concerned. When it comes to the men fighting in Italy and in France, and in the invasion, under the circumstances that obtain now, how will you reach the soldiers by notice of assessment? The municipalities do not sell property or real estate in arrears of taxes for anything less than three years arrears of taxes. The larger municipalities, in fact nearly all the municipalities, have some provision, and in some provinces through provincial legislation in regard to the taxation of men overseas and the penalties imposed upon them. The principle of the assessment is an important matter, and the soldier whose income is less than $4,000 should in my opinion be exempt for the period of the war. We should have a more modern system of assessment for civilians and soldiers alike, and you would get as much money out of the taxpayers as you do now. We have an excellent commissioner, a man who is unexcelled anywhere, but he and his staff are given an impossible task to perform, under the provisions of this bill.

I object to the last four or five words of the section extending the time of notice. The last words give the minister power to make the extension and these words should not appear in a revenue bill. The executive should not be given power to make rules and regulations. It is the duty of the House of Commons to examine revenue and all other control bills, every line of them, especially when they take these matters out of the control of parliament and vest them in the executive power. The same thing appears in every piece of legislation that has been presented to the house in war time; powers of this sort are left to the executive. That in my opinion is most objectionable. I do not see why we do not abolish this whole method of taxation and adopt the old income tax methods of the municipalities. Take a man with a small amount, say $4,000. Why not tax him 5, 10, 15 or 20 per cent, or what is for war necessary on a percentage of the net income. In my opinion this whole system is wrong. This tax system is too long. The creation of the world is written in less than 600 words, and the Lord's Prayer is contained in sixty words, but here we have this long bill amended year after year. I do not blame the officials. Parliament is to blame for the present complex act and system. In my opinion we should adopt the old principle we had years ago. If a man has an income of two or three or four thousand dollars you should put an aggregate tax of 5, 10, 15, 20 or 25 per cent, or what is needed, on him. You have to get the money in any event for war purposes, and about fifty-five per cent of the revenue is being obtained through the income tax.

There should be a more reasonable method of assessment for men overseas because it worries the life out of them and their wives and relatives at home. Moreover, a lot of these men cannot pay. Where is a soldier to get money to pay as herein for taxes in arrears starting in 1939, all through 1940, 1941, 1942, 1943 and up to the present time? Where will the soldier get the money even if he does get the assessment? It is going to be mailed to him overseas, but they do not get all the letters sent them by their families. I know the ministers and officials have laboured long and hard on this subject and know more about it than I do, but I have seen the application of some of these rules and regulations, and if lawyers at home cannot advise their clients how to make up their assessment, how will the soldiers in the invasion, with no one to help them, manage? There should be a stay for a year after the war so far as soldiers are concerned, to give them time to pay up arrears of taxes. A great many of them do not want to be in arrears because they will have to pay that money some time or another, but there should be some reduction in the rates charged men serving overseas, as compared with those who are not in the service. There should be some allowance in that connection, and a revision should be made all along the line. You could not have a simpler system of assessment than the old system we had years ago. There used to be three systems of taxation, federal, provincial and municipal, and I suggest that we should go back to the old method. Soldiers should not be worried in this way. In the case of those under $3,500 or $4,000 no interest should be charged until their return.

Mr. GIBSON: It is the policy of the income tax division not to send notices of assessment to taxpayers when it is known that they are serving overseas. It does happen sometimes that notices are sent to men who have gone overseas without the knowledge of the department, but every consideration is given to men serving overseas.

Mr. ROEBUCK: The hon. member for York-Sunbury (Mr. Hanson) invited others in the house, who have some experience in the matter of appeals to the minister, to express themselves in this connection. I think the hon. gentleman has performed a service in bringing this matter before the committee, just as he did yesterday when he brought another matter to its attention. I have had some experience in the matter of appeals to the minister, and I may say to the hon. member for York-Sunbury and to my other fellow members that my experience has been entirely happy and satisfactory. I have taken as many as four appeals to the present minister in a single day, where the clients all lined up outside the door and one after another was heard. And in every case, although they were not successful, the clients went away feeling that they had had a fair deal; that their case had been heard and judicially handled and decided quite satisfactorily. At the same time I am of opinion that the system is not satisfactory. I do not suggest that we should abolish the appeal to the minister. For those who wish to take it, it is all right, but there are others who do not wish to take it. I think we should have some system of judicial decisions that is separated entirely from the administration of the department. No minister responsible for the administration of his department can entirely separate himself—he may do it in his own mind, but it is in his own mind only—from the conditions under which he approaches the question.

There is some talk of an appeal to the exchequer court. That is all right. There is only one official in the exchequer court who would be acting. There might be more than one judge in the court, but only one would be engaged and the expenses do not need to be great. I have no sympathy with this business of charging a litigant $400 as security for costs as is done in the Supreme Court of Ontario in certain circumstances. I have no sympathy with that at all. The public has an interest in this matter and it is the duty of the crown to decide questions of this kind. The officials should not be so taxed with business that they cannot attend to the matter of appeals of this kind. I do not see any reason for charging a man $400 security for costs in order to have some dispute between himself and the department adjudicated by some judicial official. As far as costs are concerned, we can argue that in every infringement of the criminal law; and yet we set up officials all over this province, scores of them, in Canada hundreds of them, who hear disputes between the subject and the crown, usually the issue being as to whether the individual is guilty. We do that with small costs, and we never think of charging costs or security for costs against anybody who appeals to a police magistrate for a mere decision. We ought to be able to have a judicial authority to whom the minister can refer questions which he does not himself wish to decide or to whom those who have questions which they do not care to leave to the minister may appeal. Expense would be slight; the principle would be good. I am satisfied the work-out would be satisfactory, and I support the idea of a judicial appeal in addition to the appeal to the minister.

Mr. GREEN: The hon. member for York-Sunbury has brought up a very important point to-night, and I think he has put the situation clearly before the committee. He was, of course, dealing with the customary type of appeal; but since this war began there have been hundreds of thousands of Canadians paying income tax for the first time; many, many more people are affected by the income tax to-day than there were before the war, and very seriously affected. Has any consideration been given to providing some sort of appeal for the small businessman or for the individual who perhaps is not taxed a great deal, looking at it against the background of our billion dollar budgets, but from his point of view it does look large? He is simply out of luck. He does not have this appeal, for he cannot raise $400 and pay his own lawyer besides. It is an impossible situation for him. I mentioned it when I was speaking in the budget debate last week. I have had representations from men who feel that they have been unfairly treated in their assessments; they go before the assessor and complain and sometimes they are treated in a rather cavalier fashion. In the course of my speech I quoted from a letter from one of those small businessmen; he pointed out there were those who felt that they were getting a raw deal in some cases and yet could do nothing about it. He put it in this way:

> And yet, after a short time, they paid the assessments so that they could get the worry off their minds and get on with their business, knowing well the difficulties and costs of appeal.

That statement shows a very unfortunate situation with regard to our Income War Tax Act. It is a very important act. It is an important act not only for the years of the war but also for far into the post-war years. The Canadian people should feel that they are being fairly treated under it. If they get what they consider a raw deal, then they should have some proper method of appealing. I suggested that consideration be given to providing for a cheap and summary appeal where smaller amounts are involved; it might be to a county court judge, or perhaps to a judge of a superior court. Has any consideration been given to setting up some appeal court, making some arrangements for an appeal of that type?

Mr. ABBOTT: Perhaps my hon. friend came in a little after the hon. member for York-Sunbury—

Mr. GREEN: I know about the proposal to set up a board.

Mr. ABBOTT: Yes.

[Mr. Roebuck.]

Mr. GREEN: Would that be of a nature to help the small man?

Mr. ABBOTT: As to that I am not prepared to say. As I mentioned a moment ago when I was speaking in reply to the hon. member for York-Sunbury, before I became involved in my present duties I did a considerable amount of this work. I know that in practice —and no doubt this applies to a good many other lawyers in the committee—what happens is this: a client who is dissatisfied with his income tax assessment would come in. I invariably took the case up first with the inspector in the local income tax office. I discussed it with him and in some cases would get an adjustment there and then.

Mr. HANSON (York-Sunbury): He does not have much authority.

Mr. ABBOTT: Would my hon. friend allow me to finish? After representations were made it was sometimes settled by the local inspector. If the case was important and I did not get satisfaction in the local office it would be referred to Ottawa. I would sometimes write or come to Ottawa and discuss it with the commissioner as he then was, the deputy minister as he now is, or one of the senior officials here, and finally if I could not get satisfaction, and felt that there was some injustice, shall we say, I would file a notice of appeal under the section which has been referred to, but now, of course, there are no costs involved for that.

Mr. HANSON (York-Sunbury): Up to that point.

Mr. ABBOTT: As the Minister of National Revenue has indicated, that would bring the matter to the attention of the minister himself. I agree with the hon. member for York-Sunbury that it is not the ideal method of appeal, but it is an inexpensive method of appeal for the taxpayer.

Mr. HANSON (York-Sunbury): It keeps the matter alive, anyway.

Mr. ABBOTT: Yes. If his appeal is still disallowed he has the right to take it to the exchequer court, and it is at that point that he is obliged to put up the $400 security to which my hon. friend has referred. As the lawyer members of the committee no doubt realize, my own experience in appeals has been that in ninety per cent of those cases the question involved is one of law. It is rarely a question of fact; nearly always it is a question of law, shall we say, an interpretation of some provision of the Income War Tax Act,

and I frankly in my own experience do not recall any cases where I had a disputed question of fact involved in one of those appeals.

Mr. ROEBUCK: Yes.

Mr. ABBOTT: I am speaking of my own experience. I think the hon. member for Trinity will agree that in the vast majority of cases it is a question of law.

Mr. ROEBUCK: As a rule one concedes the facts with the officials and argues the law. You have to concede the facts. But if you had a method of bringing out the facts, perhaps there would be more contest with regard to them.

Mr. ABBOTT: That may be so. My only purpose in rising again was that I did not think the hon. member for Vancouver South was in the house when the hon. member for York Sunbury commenced his remarks.

Mr. GREEN: Yes; I heard them all.

Mr. ABBOTT: Then I misunderstood the hon. member. There is at the present time this method of appeal, which involves no real cost. It has been suggested that the method is inadequate. Nevertheless that method exists, and the costs are not incurred until the appellant feels it necessary to take the case to the exchequer court.

Mr. GREEN: Why would it not be possible to provide a summary appeal, a cheap appeal that could be heard out in the districts? It is all right where a person lives in Montreal, and has to come to Ottawa to argue an appeal; but it is an entirely different matter when one has to come from Vancouver or Halifax. The result is that people in those more distant parts of the country do not have the same facilities for appeal. Why cannot something be done to provide for summary appeals?

Mr. ABBOTT: I think the main reason is the desirability, at any rate, and probably the necessity of having some uniformity in decisions in these matters. I do not know of any advanced country where the ordinary county court, shall we say, or district court, hears these tax appeals. I know that is not so in England or in the United States. I do not know of any country where appeals of this kind are left to the lower courts. They are almost invariably decided either by special courts set up in the first instance, or by a high court. Here we have the exchequer court.

Mr. GREEN: Could there be a taxation appeal board which would sit in different parts of the country? What would be the objection to that?

Mr. GIBSON: And they would move across the country?

Mr. GREEN: I do not mean the exchequer court. Why not set up a taxation appeal board?

Mr. ABBOTT: That was suggested by the hon. member for York-Sunbury this evening, namely, that a special appeal tribunal be set up to hear tax appeals.

Mr. HANSON (York-Sunbury): Some consideration ought to be given to geographical situation. It is all right in a big case to have counsel come to Ottawa to present their arguments. But I can imagine cases, minor in amounts, where it would be cheaper to pay than to proceed, if one had to come to Ottawa.

However, I did not rise to argue that point; I shall leave that to my hon. friend. One interesting point has been disclosed by this discussion to-night for the first time, namely, that appellants would have the right to go before the minister, after having filed notice of appeal. That is news to me. I did not know it was the practice or the custom, or that that courtesy was extended to an appellant. Certainly there is nothing in the statute to provide for that. It must be a matter of courtesy.

Of course, I can understand coming before the deputy minister, arguing out the matter informally, and trying to convince him that you are right. But I do not consider that an appeal. That is just a sort of preliminary interrogatory. Usually it is done in a very different manner, off the record, and usually one comes away just the same as when he started. If it is the custom of the minister to hear counsel, or to hear parties without counsel, then I think the public ought to know about it. I would suggest to the minister that if that became widely known he would be swamped. He had better not encourage it, because I can see where his time would be taken up completely by that sort of thing.

What I am arguing for is to get away from the administrative atmosphere once the assessment is made. Then the function of the department is exhausted, the minister is *functus officio,* and the matter ought to go to some outside tribunal. I hope consideration will be given to the suggestion made to-day, and that something substantial will be done before the bill founded upon these resolutions is passed. I shall not labour the point further, because the position has been made clear.

Mr. ROEBUCK: There is no secret about the procedure. It is necessary to file formal notice of appeal, lest your rights go by the board. That is particularly so in connection

with income tax appeals, where the appeals are strictly limited. Therefore a formal document is filed. But that is not changing one's relationship in any way with the minister. The document stands, and negotiations continue.

Mr. HANSON (York-Sunbury): But there is no right to go before the minister.

Mr. ROEBUCK: Yes; it goes before the minister.

Mr. HANSON (York-Sunbury): There is a no right for an appellant to appear before the minister. There is nothing in the statute about that.

Mr. ROEBUCK: And there is nothing in the statute to prevent it.

Mr. HANSON (York-Sunbury): It is statutory jurisdiction.

Mr. ROEBUCK: One does not proceed with it while the discussion continues before the minister. If the minister's decision is unsatisfactory you then reserve your right and proceed with your appeal in a formal way.

I should like it understood that what I have said at all events—and I think what the hon. member for York-Sunbury meant—was that this applies to income tax appeals and also to customs appeals, because customs appeals are in the same position. Many little questions arise, not big ones, where thousands of dollars are involved.

Mr. HANSON (York-Sunbury): The same principle.

Mr. ROEBUCK: There are little questions from little people, some of whom, as has been pointed out, may live long distances from Ottawa.

Mr. KNOWLES: I take it that this resolution has to do with appeals by or on behalf of members of the armed forces in connection with income tax matters. I am not a lawyer, but I should like to make an appeal right now on behalf of one particular group of service men. They are a group for whom I have spoken in the house on perhaps half a dozen occasions this year. I imagine the answer to my appeal must come from the Minister of National Revenue. I am referring to the men of the Kiska force, and the argument which was made earlier this year in connection with the application of the taxation rules to those men.

The minister will recall that they were taxed originally, through the method of deduction at the source, at the fifty per cent rate, as though they were in the western hemisphere but outside Canada. The appeal I made was that actually they were outside the western hemisphere, and that they were overseas, just as much as the men who had gone to England. I said that they should not be taxed at all for the time they were in Kiska or, according to the rules, for the period of six months thereafter.

After several appeals on this matter—with the hon. member for Vancouver South, who sits to my right, along with other hon. members, giving their support to my contention —the Minister of National Revenue made a satisfactory announcement in March, and at that time he tabled an order in council dated March 17—

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. KNOWLES: —advising us that—

The ACTING CHAIRMAN (Mr. Golding): Order; the hon. member cannot refer to a debate which has already taken place in the house.

Mr. KNOWLES: I was not referring to a debate; I was referring to an announcement made by the Minister of National Revnue. However, I do not need to refer to that at all, but rather to an order in council. Surely orders in council can be referred to in the house.

By this order in council the government decided to accept our representations and to treat these men as having gone outside the western hemisphere. So far so good; that was fine. Then came the question of applying that order in council. In the case of these men, so far as the six months of 1943 were concerned, during which time they were in Kiska, deductions had already been made. The decision made by the department apparently was that the rebate now coming to them under the order in council tabled on March 28 should be received by the men making out this year their 1943 income tax forms, and claiming such rebate. I understand that that has been done by the men who were taxed erroneously in 1943.

Mr. GIBSON: They were not taxed erroneously; the regulations were changed.

Mr. KNOWLES: That is a matter of opinion as to definition. At any rate the plan was that these men would file their returns. They have done so and in due course they should get their rebates. Under the present pressure on the income tax division it takes considerable time to get these forms assessed, and it may be some time in 1945 before the rebates are paid to these men for deductions

made in 1943, which I claim should not have been made at all. I think I speak for these men when I say that they are prepared to accept that so far as 1943 is concerned. They do not like it, but they appreciate the administrative difficulties and those who have been in touch with me say that they are prepared to let it go at that as far as 1943 is concerned. But they feel quite differently about 1944.

When they came back to the Canadian mainland their income was still treated as subject to these deductions for the months of January, February and March of this year. After the order in council was passed in March the deductions were not made in April and the subsequent months. Representations which were made to me on behalf of these men were made while many of them were still in Canada. Most of these men are officers who have now gone overseas and are participating in operations there. They feel quite keenly that it was not found possible to make the rebates to them on account at least of the amounts deducted in January, February and March of this year.

I have been in touch with the Minister of National Revenue, the Minister of Finance and I believe also the Minister of National Defence about this matter and, of course, administrative difficulties have been presented to me in the correspondence I have received. But here is the position. The men feel that in the light of the decision of the government as evidenced by this order in council these taxes should never have been deducted. As I say, deductions were made in January, February and March of 1944. Apparently these men will have to wait until 1945 to file their returns and claim a rebate for January, February and March, 1944. It will probably be 1946 before their 1944 returns are assessed and the rebates paid to them.

I am fully aware of the many administrative problems facing the income tax division. I did not press one or two matters this afternoon because I was impressed by the minister's statement as to the problems they have to cope with, but I raise this matter because representations have been made quite frequently to me on behalf of these men. I think a special effort should be made to find a way of making the rebates for the deductions made in January, February and March of this year as quickly as possible. I appeal to the minister to do this.

Mr. GIBSON: The hon. member suggests first of all that the tax deductions were improperly made. I deny that entirely. The deductions that were made, were made from men who were taxable at that time owing to the fact Kiska is in the western hemisphere. I recommended an order in council which was passed, which provided that for tax purposes Kiska would be treated as being outside the western hemisphere.

When we talk about the Kiska force I do not want it to be assumed that all the men who took part in that action were subject to income tax deductions. It was only the officers and the senior warrant officers who earned over $1,600 a year who were liable to the tax. Arrangements have been made to make speedy rebate of the deductions that were made from the 1943 income after taxpayers filed their returns. The deductions that were made for 1944 are in a different position. The income tax department cannot tell what the taxes for each of these individuals will be on his 1944 income until the end of the year. We do not know what rebates he will be entitled to until the end of the year when he files his return. We can ascertain what deductions have been paid into his credit, but that does not say that all of those will be refundable. It will depend to some extent upon the private means of the taxpayer. Consequently we would just be making a guess if we refunded to the various officers of the Kiska force all the 1944 income deductions that were made during 1944.

Mr. KNOWLES: Without arguing the point as to whether Kiska is in or outside the western hemisphere, I understand that the provisions are that when a man is overseas for six months or longer he is entitled to exemption from income tax for the first six months after he returns to Canada.

Mr. GIBSON: That is correct.

Mr. KNOWLES: Am I correct in assuming that these men were entitled to complete exemption from income tax for January, February, March, April, May and June of this year?

Mr. GIBSON: If they came back at the end of December and had been away for six months.

Mr. KNOWLES: That was the case. I have communicated with men of that force who are still in Canada and they cannot understand why these deductions were made.

Mr. GIBSON: They were liable for tax when the deductions were made, and there are still six months of 1944 in which they will be earning income.

Mr. KNOWLES: According to the order in council no deductions of any kind should have been made for the first six months of 1944

Mr. GIBSON: No tax would be payable on that income.

Mr. KNOWLES: No deduction should have been made on the income earned by these men in the first six months of 1944. If no tax should be payable, why should there be any deduction? I hope the minister will give this matter further consideration. I have referred to the correspondence I have had from him in which he has indicated that it calls for some cooperation or getting together with the Department of National Defence in order to work it out.

Mr. GIBSON: These deductions are made on account of the 1944 tax that they will be due at the end of the year.

Mr. KNOWLES: If the minister takes that attitude it means that you are asking these men to make payments in January, February and March on account of the taxes that they will owe from the period July to December, 1944. You are asking them to pay something on their income tax six months in advance because, as far as the six months after they came back from Kiska are concerned, that income was free from taxation under the order in council. I appeal to the minister to give this matter further consideration.

The ACTING CHAIRMAN (Mr. Golding): I wonder if the hon. member is in order in bringing this matter into the discussion on this resolution. The resolution reads:

That, in respect of the taxation year 1939 and subsequent years, the time for serving a notice of appeal upon the Minister of National Revenue, in the case of members of the armed forces overseas, be extended to one year after the date of mailing of the notice of assessment or for such further period as the minister may allow.

I do not think the question the hon. member is now discussing would come under this resolution.

Mr. KNOWLES: The subject-matter of the resolution has to do with appeals by members of the armed forces overseas in connection with income tax matters. I am making an appeal with respect to such a matter on behalf of certain members of the armed forces who are overseas. However, I will not argue with the Chair because, as a matter of fact, it will take only a sentence or two for me to finish the subject. It is really up to the minister to finish the matter, but I wanted to be clear on one point. The minister said that arrangements were made for a speedy refund of the deductions made in 1943. My information is that those refunds have not yet been received. What does the minister mean by arrangements for a speedy refund?

[Mr. Knowles.]

Mr. GIBSON: Get them refunded as quickly as can be arranged. The individual returns are filed in different districts throughout the country, and it was necessary to find out from the Department of National Defence who the men were and where they filed their returns, and obviously it could not all be done within two or three weeks.

Mr. KNOWLES: In other words, these cases will be taken care of some time this summer ahead of the time when the normal cases will be taken care of?

Mr. GIBSON: Oh, yes.

Mr. KNOWLES: I think that will be quite satisfactory to the men, so far as 1943 is concerned. But I hope that the minister will get to work on the 1944 matter too.

Mr. PERLEY: Mr. Chairman, I do not wish to discuss this resolution, but I am looking for information.

The ACTING CHAIRMAN (Mr. Golding): This resolution has been passed but we reverted to it by consent, and we must not go beyond it.

Mr. PERLEY: I think, Mr. Chairman, that you might permit a question for information. I can possibly discuss on this resolution what I want to say.

The ACTING CHAIRMAN: The Chair would like the cooperation of members in sticking to the resolution.

Mr. PERLEY: Then I will say what I have to say after the resolution is disposed of.

Mr. GREEN: May I ask the minister whether the members of the auxiliary services serving overseas are treated as being in the armed forces for the purposes of income tax? I refer to the men of the Y.M.C.A., Canadian Legion, the Red Cross, the Knights of Columbus and the Salvation Army. Until recently at any rate they were not given the same exemptions from income tax as the men in the armed forces. But now they are in Italy with the troops and in France with the troops, and I suggest that they should be treated on exactly the same basis as the men in the armed forces. Will the minister explain how they are taxed at the present time?

Mr. ABBOTT: I should be glad to do that, but I think we ought to adhere to your ruling, Mr. Chairman, since this matter has nothing to do with the resolution before us. Briefly, the members of the auxiliary forces are now subject to tax on a special basis under an order in council which was passed some little time ago. They are treated on much the same basis as the merchant seamen, in that a

portion of their remuneration is treated as war risk remuneration and is exempt from income tax.

Mr. GREEN: Do they have to rely on the order in council? Have they no statutory protection?

Mr. ABBOTT: That is so. They are a relatively small group, about 200.

Mr. LOCKHART: The minister said that no notices of assessment had gone overseas at all.

Mr. GIBSON: No; I said that it was the policy of the department not to send notices of assessment to men serving overseas.

Mr. LOCKHART: When did that practice stop?

Mr. GIBSON: Some notices have gone because the department had no record of the men who had proceeded overseas. But we do not press a man who is overseas.

Mr. LOCKHART: What is the position of a man who has been overseas for two or three years and receives a notice of assessment? I know of men who have been over there for two or three years and have received notices of assessment. What will be the position of these men when they come back? The situation is confusing, and it seems to me that a large number of these men will be piling on to the minister when they come back and that it will be an endless task to straighten these things out.

Mr. GIBSON: Under this amendment a soldier overseas is given a year from the date of sending the notice in which to appeal and such further period as the minister may allow. An extension would undoubtedly be granted to the men who remained overseas.

Resolution agreed to.

24. That the minister may allow depreciation at double the rates normally allowed in respect of bona fide new investments made after a date to be declared by the governor in council; and, in such event, the taxpayer will be required to charge in any subsequent year at least one-half the rates normally allowed: Provided, however, in the case of a sale of assets in respect of which special depreciation has been so allowed, the minister may revise the assessments of the vendor for the years when the special depreciation was allowed, by disallowing as a deduction a pro rata portion of the special depreciation allowed, to the extent of the excess of the selling price over the depreciated cost of the said assets, less the amount of the depreciation normally allowed on the said assets, and less the excess, if any, of the selling price over the undepreciated cost of the said assets: Provided further that the portion of any loss attributable to the allowance of special depreciation shall not constitute a loss for purposes of resolution number twenty-two.

Mr. PERLEY: If I may proceed now, Mr. Chairman, the bells were just ringing when I was on my way down to the chamber, and when I entered you had just carried resolution 23, ten or eleven resolutions having been passed very quickly. The hon. member for York-Sunbury was in much the same predicament and asked to be allowed to revert to resolution 15, which he was permitted to do. I should like to have said something on resolution 22, and to have got a little information from the minister. May we revert to resolution 22?

The ACTING CHAIRMAN (Mr. Golding): There was a quorum present when the committee resumed and the resolutions were called and passed.

Mr. PERLEY: There is no precedent for passing the resolutions so hurriedly, Mr. Chairman. Six or seven resolutions were passed in three minutes.

The ACTING CHAIRMAN (Mr. Golding): We can revert to resolution 22 only with the consent of the committee. Has the hon. member consent?

Some hon. MEMBERS: Agreed.

Resolution stands.

The ACTING CHAIRMAN (Mr. Golding): We will revert to resolution 22.

22. That losses sustained in 1944 and fiscal periods ending therein and all subsequent periods by any person carrying on a business may be deducted from profits derived from the business either in the year immediately preceding or in the three years immediately succeeding the taxation year.

Mr. PERLEY: This resolution gives the taxpayer the right to deduct losses from profits either in the year immediately preceding or in the three years immediately succeeding the taxation year. This resolution, as indeed all these income tax resolutions, are based on the budget presentation of the Minister of Finance and no doubt were printed at the time the budget was presented. I suppose the bill to be based on these resolutions is also printed and ready to be considered. During the budget debate certain suggestions were made and an amendment was offered by the hon. member for Dufferin-Simcoe, and when the minister spoke in closing the debate he spoke quite favourably with respect to one of the suggestions that had been made to the effect that the farmer should not have to include the proceeds from dispersal sales as part of his income. The suggestion was also made that losses might be spread over five or six years instead of the three years mentioned in the resolution.

Certain suggestions were also made that higher exemptions should be provided for those in the lower income brackets. The amendment proposed an exemption of $800 for single persons and $1,600 for married persons, and I made the suggestion that that apply particularly to single and married farmers.

Mr. ILSLEY: On a point of order, Mr. Chairman, the hon. member asked for the consent of the committee to revert to this resolution and the committee consented unanimously. But he is not confining himself to the resolution at all.

Mr. PERLEY: Do I understand that these resolutions and the bill to be based upon them are to be passed just as they are and that we cannot make any suggestions or offer amendments along the lines I am proposing? If that is the case there is no use in my continuing. As I said, the minister was quite favourable to one suggestion that was made with respect to the farmers. I should like to ask him, will there be any change in resolution 22 when the bill is brought down, and will provision be made for certain exemptions? Also, as I have said, will there be any change in resolution 22, or how shall we go about getting a change in order to have the average extended to five years?

Mr. ILSLEY: If the hon. member wishes to oppose the resolution or suggest that it does not go far enough, that is a proper matter for debate on the resolution. The hon. gentleman was talking about exemptions, whether they should be higher, and so on. That has nothing at all to do with the resolution.

Mr. PERLEY: I would suggest then that the "three years" in the resolution be changed to "five years". Is a motion required to that effect, or what is the procedure; and is the minister favourable to it? From what he said when he closed the debate I gathered that he was; he also referred to permitting the farmer not to have to account for dispersal sales, but I suppose it is too late to consider that.

Mr. ILSLEY: Those are two different questions.

Mr. PERLEY: Well, on what resolution can that be discussed?

Mr. ILSLEY: I am not just sure at what stage. I should think it would be when the chairman of the committee says, "Shall I report the resolutions?" Perhaps on the second reading of these resolutions. The hon. gentleman would then, I should think, have an opportunity of urging that we add to the resolutions. He certainly could do it on the bill or the preamble of the bill. Of course he cannot himself propose resolutions; no private member can propose resolutions which increase public expenditure or affect the revenues, except within certain limits which are laid down in the rules; I forget just what they are; but it is all clearly set out.

Mr. PERLEY: Would it be in order to move now that in resolution 22, the fourth line, the word "three" be changed to "five"? If it is in order I would do so.

Mr. ILSLEY: I do not think what the hon. gentleman is suggesting carries out what he says is his intention. His intention, I think, is to suggest an averaging of profits and losses over five years.

Mr. PERLEY: Yes.

Mr. ILSLEY: But if he merely proposes the changing of "three" to "five," the resolution would then provide for the carrying forward of losses to the next five years. Perhaps that is what he would like to have done.

Mr. PERLEY: That is what I want, and I should like it more particularly to apply to farmers.

Mr. ILSLEY: I doubt whether that is in order. It is a matter for the Chair to rule upon. I should think that would have the effect of reducing the revenue.

Mr. PERLEY: Then could the resolution stand until the minister considers it further to see whether it is in order to move a resolution of that kind, that this be changed so as to apply to the farmer for a five-year period instead of three years?

Mr. ILSLEY: Well, I shall have to oppose that. If the hon. gentleman wants to propose it for the sake of putting himself on record, and if he is in order, of course he has the right to do so. But extensive consideration has been given to the proper period here, and we came to the conclusion that we should provide for the carrying of losses back one year and forward three years, and that that was far enough to go.

I notice that the hon. gentleman has a tendency when we propose a five per cent rate to suggest a four per cent rate, and so on, to shave it just a little all the time, as he says, in favour of the farmer. That is what he is proposing here. I do not know why he prefers "five" to "three," except that it is a little more advantageous; that is all. I do not know what principle he is going on.

Mr. PERLEY: The minister suggests that I am proposing "four" instead of "five". I suppose he has reference to my amendment on another bill.

Mr. ILSLEY: The hon. member has done it several times.

Mr. PERLEY: With respect to this, I suggested it when speaking on the budget; I suggested the same principle last year; and I am doing it again, because I think it is right and just, and if I had the time to go into the figures to show the number of years say over the past fifteen-year period, in which the farmer has sustained losses rather than profit, you would be able to judge whether I am sincere in doing it. But the fact that I did it last year is evidence that I am not doing it now merely for the reason suggested by the minister.

Mr. STIRLING: I am not sure that I understand whether this resolution 22 covers the case of the ordinary return to the farmer. Can I read from this that in future the farmer's taxation is to be computed on the average of his three years' revenue?

Mr. ILSLEY: No; that is not correct. This provides that if in any year a farmer has a loss, that loss may be subtracted from the profit of the previous year for purposes of taxation in that previous year, or subtracted from the profit of any one or more of the three following years for purposes of taxation in those years; but it does not mean the averaging of the profits of three years. If the farmer is in profit all this time, every year, he is taxed on his profits every year without an averaging.

Mr. STIRLING: As the minister knows from his experience in fruit growing in Nova Scotia, it is a case that is continually arising in the fruit-growing sections of Canada.

Mr. ILSLEY: Yes.

Mr. STIRLING: Some devastating pest or otherwise occurs and a man may very easily make a loss in this year and next year make a profit, and the next year make a profit. From my understanding of it, it seems to me that it is possible for him to average the revenues of this year and next year and the following year and arrive at the taxation for those subsequent years with that in mind.

Mr. ILSLEY: If he has a loss the effect is that, or very nearly that; I am not sure that it is exactly that. The only point I was making is that unless he has a profit there is no averaging or anything like averaging, but if he has a loss his loss may be deducted from the profits of the previous year or the profits of any one or more of the three following years.

Mr. BRYCE: I should like to be clear before we leave resolution 22. Does this alter the present regulations now with regard, say, to a farmer having an auction sale, where he has not paid any income tax previously; can he take that return for his auction sale and file a return for the previous five years. Is that done away with?

Mr. GIBSON: This resolution does not deal with that at all but only with the case where a man in business—a farmer or a businessman —has a loss in any one year. That loss can be applied against the profits of the previous year or any of the following three years, but it does not affect the regulations now in force.

Mr. BRYCE: The same regulations are in effect?

Mr. GIBSON: Yes.

The ACTING CHAIRMAN (Mr. Golding): Resolution 24.

Mr. JACKMAN: With the consent of the committee might I revert to resolution 20?

The ACTING CHAIRMAN (Mr. Golding): Unless the committee agrees, that cannot be done.

Mr. ABBOTT: I am not quite sure, Mr. Chairman, but my understanding was that resolution 23 had not passed. The hon. member for Rosetown-Biggar had spoken on resolution 23. He made a few short remarks and, as he concluded, the hon. member for York-Sunbury, who had just come into the house, asked to revert to resolution 15. My understanding is that resolution 23 was not passed.

The ACTING CHAIRMAN (Mr. Golding): Resolution 23 was passed and the hon. member asked to revert to resolution 15.

Mr. CASTLEDEN: I suggest that what the parliamentary assistant has said is in accordance with the facts. Resolution 23 had not been passed when we reverted to resolution 15.

The ACTING CHAIRMAN (Mr. Golding): I was not in the Chair when the resolution was passed but it is recorded as passed, and then a request was made to revert to resolution 15. I wonder how many times we are going to go back to resolutions that have already been passed?

Mr. GRAYDON: On the point of order which you have raised yourself, Mr. Chairman, may I say that those of us who have been in the house for a considerable time recognize that we do not make much speed by rushing at the wrong time. There are certain things that have to be discussed and if there are still some points outstanding, I suggest that the Chair might be especially lenient and allow some measure of latitude, because dis-

cussion that does not take place here will perhaps take place at a more inappropriate time. These resolutions have taken perhaps the minimum time I have seen income tax resolutions take in the past, and I suggest that the Chair be lenient, because there were special circumstances to-night which might readily deprive some member of his right to take part in the discussion.

The ACTING CHAIRMAN (Mr. Golding): I simply wish to repeat that these resolutions were passed—

Mr. GRAYDON: There is no doubt about that, technically.

The ACTING CHAIRMAN (Mr. Golding): Just a moment. It is not a matter for the Chair but for the committee to say whether we will revert to resolutions that have been passed.

Mr. ABBOTT: I appreciate of course that the record shows resolution 23 as having been passed. I was in charge of the resolutions at the time, and I think that entry was made by mistake, because my understanding was that all the resolutions but 23 had been passed. The hon. member for Rosetown-Biggar had made a few short remarks; before anyone else spoke the hon. member for York-Sunbury asked leave to revert to resolution 15; consent was given, and it was by mistake that the entry was made showing that resolution 23 carried. I suggest that in the circumstances we might delete that entry and revert to the consideration of the resolution.

The ACTING CHAIRMAN (Mr. Golding): It is understood then that we are considering resolution 23.

Mr. CASTLEDEN: I wish to say a few words with regard to resolution 23, which provides that expenditures in respect of scientific research directly or indirectly related to the taxpayer's business, whether of a current or capital nature, be allowed as a deductible expense. I want to ask the Minister of National Revenue a few questions. Can he give the approximate estimated revenue derived from the Income War Tax Act and the Excess Profits Tax Act?

Mr. GIBSON: I could not do that.

Mr. CASTLEDEN: Not even an approximation?

Mr. GIBSON: This resolution deals with expenditures of a capital nature; and I cannot estimate what expenditures of that nature will be.

Mr. CASTLEDEN: I wanted to know what was the estimated income to the department from these sources.

Mr. GIBSON: What sources?

Mr. CASTLEDEN: From all this taxation. Under this particular resolution every business in the country can undertake scientific research, spend practically the whole of its profits on that work and thus deprive the department of tremendous revenues. If every business in the country is allowed to make expenditures for scientific research, directly or indirectly related to the taxpayers' business, and have that allowed as a deductible expense, then I suggest that the department will be robbed of eighty per cent of its revenue.

Mr. ILSLEY: The taxpayer is robbing himself every time he robs the government in that way and he is not likely to carry it to excess. Moreover, he is doing a good thing for the country.

Mr. CASTLEDEN: That is the point. Suppose he has a business with an income of $13 million, with costs of operation amounting to $10 million, so that he has a profit of $3 million. His ordinary taxes are, say, $1 million. To what extent would that $1 million reduce his income tax?

Mr. ILSLEY: If he were paying on the forty per cent rate it would reduce it $400,000 and reduce his profits $600,000.

Mr. CASTLEDEN: That is, on the $200,000 excess profits.

Mr. ILSLEY: If he is paying forty per cent.

Mr. CASTLEDEN: On his excess profits he pays eighty per cent?

Mr. ILSLEY: Yes. If the whole $1 million were excess he would lessen the revenues $800,000 and he would deprive himself of a refund of $200,000.

Mr. CASTLEDEN: And he would have a million-dollar research undertaking.

Mr. ILSLEY: If the whole thing were excess it would be subject to 100 per cent excess profits tax.

Mr. CASTLEDEN: That would be considered pretty good business by such a concern.

Mr. ILSLEY: I think it might be very good business for all concerned, for the country.

Mr. CASTLEDEN: To what extent would it benefit the country. Take the various industries—steel, textile, tobacco, distilleries, cement and so on. If eight or ten of them

undertook, each in its own way, research of this kind would there not be tremendous duplication, and would that be efficient? Would it not be better to allow the income to go to the government? The government will suffer loss of revenue.

Mr. ILSLEY: It is to be spread over three years.

Mr. CASTLEDEN: Just the capital expenditure is to be spread over three years.

Mr. ILSLEY: Yes, that is right.

Mr. CASTLEDEN: The ordinary expenditures of operating in each year are allowed; the running expenses are paid each year?

Mr. ILSLEY: Yes.

Mr. CASTLEDEN: The capital expenditures are carried over three years?

Mr. ILSLEY: Yes.

Mr. CASTLEDEN: It seems to me that there is terrific duplication here. More than that, the benefits of the research will go more to the company than to the country. Because a particular company is carrying on research work it does not necessarily follow that the people are to get the benefit from it. It seems to me that if the same amount of revenue were brought into the consolidated revenue fund and spent on research enterprises such as we have in Toronto, or more money concentrated on research in Ottawa and the benefits of that research made available to companies, it would be not only more economical but a finer principle for the people of Canada as a whole. At the present time the benefits of research go largely to the companies themselves. Suppose research work results in the lowering of the cost of the manufacturing of a product. It does not necessarily follow that the people are going to get a lower priced article. If the government research people were to carry on that work and make the results available to a certain company, saying to them, "Here is a way of saving $2 on each article; go ahead and use that and reduce the cost of your article to the public by $1.60," the country would benefit from such research. In reading through the item it seems to me that it allows a tremendous leeway; it does not seem efficient, and the costs are to be borne by the government, because if it results in a reduction of revenue the people of Canada are going to pay for it. If that is the case they should be sure that they will get the benefits from it.

Mr. GILLIS: I should like to say a word or two on this resolution. I have no intention of elaborating on it, but I see the matter in exactly the same way as does the hon. member for Yorkton. There is nothing in this particular resolution to stop every section of industry across Canada from setting up small pilot plants and carrying on research, with the result that there will be great duplication across the country, and then that will be all charged back for tax purposes. Personally I do not think a great deal of research in any direction is necessary in Canada. I think it has been done.

An hon. MEMBER: No.

Mr. GILLIS: On two occasions I had the privilege of visiting the research council here. I saw the pilot plants in operation. I will say that they are understaffed, and that the remuneration paid to the capable people is too small. Because of that we lose a lot of these very capable people to industry. I do not think there is a formula necessary for pushing forward industry, agriculture or any other potential development in Canada. I think that has already been done. I think the formulae have been developed. But in the past we have been carrying on this work at government expense and making the results of that research work available to industry at no cost to it. This resolution, in my opinion, merely sets up machinery that will take advantage of the work which has already been done in the national research laboratories. Experiments will be handed over to them with the result that we shall lose revenue in the country. If we want to do something along the line suggested then we should increase the appropriation for our own research council, get an adequate staff and pay them a sufficient sum so that they could carry out research development at the central laboratories. The results of that research could then be sold to industry, to those who are going to make money out of it; that is, if we want to continue the system of private enterprise.

To-day they are getting the benefit of this research for nothing and have been for many years. Take fuel as an example. I am particularly interested in that and only a few days ago paid a visit to the research council. The low temperature carbonization formulae are all there; the high temperature carbonization formulae for coking are there. The hydrogenation pilot plant has been established. They know exactly what they can do with it. That work has already been done. It is merely a matter of making it available and applying it to our resources. Personally I think we are being fooled when we make a provision of this kind that reduces the revenue of the country on the assumption that industry has

a job to do in research work with the object of pushing industry forward in the future. That job has been largely done. It is merely a matter of understanding what we have here and staffing our laboratories adequately, applying the knowledge to our resources. Those in industry who want to make profits from it should pay for it. We have a wonderful research council here. The plant is doing a good job under difficult circumstances. I think they have done a wonderful job, although short-handed. I am a little sceptical about this. I am not prepared to argue it at the moment. I think the government-owned facilities have everything necessary in the field of research if they would only control it and apply it to our resources.

Mr. ILSLEY: This is a very important subject and I welcome discussion on it within limits. I should not like it to go on too long, but it is worth while discussing and I am very much interested in the views expressed. I do not think the government have the facilities, nor do I think they can furnish themselves with the facilities to do the kind of work they want done in this country in the next few years. If my colleague the Minister of Munitions and Supply were here, he could deal with this much more competently than I can; but I know in a great many lines of industry the facilities for research work are near the factories; and they are in a position to do research in certain lines more competently than the government can do it without an enormous capital expenditure, a large part of which has already been done by private enterprise.

Mr. GILLIS: You already have it out here. I was amazed at what I saw.

Mr. ILSLEY: Yes, just on certain lines, but on others we do not have it. There are thousands of lines, and industry can be very, very efficient in research and has been in the past. They have developed marvellous processes and made great technological advances, but they cannot do this even though it is really for the benefit of the business. It is in the line of their business. It is not allowed now as a deduction from income for taxation purposes, and the reason why it is not allowed is that on ordinary accounting principles it cannot be regarded as expenses wholly, exclusively and necessarily laid out or expended for the purpose of earning income. In many cases these research expenditures do not come within those words. The resolution does not cover many research expenditures which are naturally connected with the interest of the business, with the earning of the income, and which I think could properly be allowed. Of course we do go so far as to allow capital expenditures. They can be spread over a three-year period, but what I should like to do is to have this provision about expenditures for research properly safe-guarded in the act, because I do not want to lose revenue any more than does my hon. friend—I was going to say, not as much—I certainly do not want to lose it any more. On the other hand it is most important that we take a leading place among the nations of the world in scientific and technological progress. This is one way in which we shall make quite a spurt ahead.

Mr. ADAMSON: I wish to make one observation on this resolution which deals with research. I am afraid hon. members to my left are not on a sound basis when they argue against research. If there is one thing in connection with which we are backward in Canada, it is research. Our annual expenditures on research amount to about fourteen cents per capita, whereas annual expenditures in the United States run to several dollars per capita for the same purpose. If we need anything in this country, certainly it is more research. That is one of the few things about which we are extremely backward.

While the national research council may be housed in an amazing and very large building, nevertheless the percentage of research done in that building, or by the national research council, is infinitesimal when compared with the terrific research carried on by private industry, and in our individual plants throughout the country. Those plants should be encouraged. I do not think any industry in Canada is fulfilling its function unless it does a certain amount of research work.

I was pleased to see this provision in the British budget, and this was one of the features which received the greatest amount of praise from the trades union council. The minister may correct me if I am wrong, but I think the English allowed actually up to sixty per cent of a reduction of gross revenue for expenditures on research. I have not the figures before me, but I believe the percentage I have given is correct.

If there is one thing we need more than anything else, surely it is research, and we are going to need it in the world of the future. We shall need it in connection with new light metals and plastics. Where would we have been if RDX (Radar) had not been invented? Where would we have been, had it not been for the invention of the new explosive now being used by the united nations in their heavy bombs? These were both Canadian inventions; and I submit that while one of

them was largely the subject of research at McGill university, nevertheless they were not discovered at the research council.

Let us consider the research being done in connection with plastics. Some of the pioneering work was done at the research council, but it dove-tails in with the work being done by Massey-Harris, by the Bakelite company, and a number of other companies. That is the essential part of the work, and private industry is face to face with the problem twenty-four hours a day.

These people in Ottawa are doing pure research, but the people in industry are facing the problems, and are right up against those problems every day. What we need is a dove-tailing of the work of the national research council with the work done in industry, and I am of the opinion that this resolution will go a long way toward doing that. We should have had it some time ago; I have advocated it before. This is the one thing in connection with which we are backward in Canada, and I believe that every individual and every company should be encouraged to take more interest in the matter.

Mr. MARTIN: This matter is one which deserves comment from several members, instead of being restricted to one or two. Actually, I do not think there is much real difference between the views of hon. members who have already spoken. The minister has recognized the need for a safeguard to avoid the possibility of abuse. I think all of us would agree that no industry should be allowed, in the absence of any real intention to promote research, to use that as a means to escape tax obligations. The minister now proposes to provide in the bill the necessary safeguards.

But I think the observations made by the hon. member who has just spoken and by the minister wth respect to research, on the part of both the government and industry, would generally commend themselves to hon. members. I live in a section which is highly industrialized, one which competes very closely with a great city having industry on a large scale, and just on the opposite side of the river. There tremendous research enterprises are undertaken, and to an amazing degree. If hon. members ever have an oportunity of visiting the General Motors Corporation in Detroit, for instance, and look through their research laboratory, they will be amazed. I doubt if any university in this country has anything to compare with those laboratories.

We have to compete, and will have to compete with that sort of thing. One must recognize, then, the great need for research in our own plants. I have seen many of our graduates from our universities forced to go across the river and to take jobs over there because there were no adequate opportunities in these lines for them in Canada. If we can encourage industry, and particularly industry where there would be opportunities to engage in research, and to hire many of the products of our own universities, nothing but profit can ensue.

The national research council has been supported by the hon. member for Cape Breton South, and quite properly so. I think we cannot spend too much on the development of research, through government agencies. But government agencies alone cannot do the job. In that connection I remember a statement made by Doctor Tory in one of his reports of the national research council, wherein he pointed out the need for coordination between the work carried on by the national research council and that carried on by industry. So that, with safeguards preventing anyone from escaping tax responsibilities, I strongly support this resolution.

My main purpose in rising, however, was to suggest this, that not only is there an opportunity for industry itself in this provision, but there will be an opportunity in another direction, because the resolution provides that—

> . . . expenditures in respect of scientific research directly or indirectly related to the taxpayer's business . . .

—are to be made deductible. This affords to industry an opportunity to do something which industry in this country has not done, and that is an opportunity to assist in scholarship endowments and, through direct financial grants, to assist the research work of our universities.

There are in this country universities which are carrying on research of tremendous value to industry in Canada, but which receive no assistance whatsoever from industry. I have one large industry in mind which was approached within the last six months by a university in connection with a grant to cover a certain scheme of research. It was a type of research from which the industry in question had profited for a period of eight years.

Under this resolution many of our universities, none of which is over-heavily endowed to conduct studies of this kind, would be afforded an opportunity. I have received a communication recently from Dalhousie university, through the social science and labour school established there. Here an opportunity was afforded individuals who wanted to assist in the development of social science research. The labour school is something that would commend itself to anyone interested in labour.

However, the department took the view that contributions made by individuals to assist in these efforts were not deductible.

I hope the minister will find it possible under resolution 23 to permit contributions by individuals, companies or otherwise, in connection with the prosecution of the kind of thing concerning which I have spoken, and as it applies to Dalhousie university. I should hope this might properly come under the resolution now before us. I trust the commissioner who has this matter in hand will bear in mind what I have said, and that in interpreting resolution 23 he will afford Dalhousie university in the setting up of its labour school something which I think it deserves by way of encouragement.

Mr. CASTLEDEN: Will this be available to farmers? Will farming be considered a business?

Mr. ILSLEY: Yes.

Mr. CASTLEDEN: There is no limitation suggested by the department with regard to the amount which any person can deduct in this manner?

Mr. ILSLEY: Consideration will be given in the bill to providing safeguards and restrictions. I do not know just how far we should go. In Great Britain one of the reasons given by the chancellor of the exchequer for making a similar provision, going at least as far as this, was that he wanted to provide for buoyancy of revenue in the future. It is by no means a total loss of revenue when you engage in industrial research. You are casting your bread upon the waters.

Mr. CASTLEDEN: I agree with that.

Mr. GILLIS: As I pointed out to the minister, I am not going to argue this at all because I do not know enough about this. Our research laboratories have been practically at a standstill since the outbreak of the war in so far as research into peace-time requirements are concerned. They are doing a wonderful job on war work for national defence, the army, the navy, the air force and munitions and supply. They are handling practically everything in that field that they are asked to do. But their staff is small, and attention should be focused on the necessity of staffing our research laboratories and getting ready for peace-time requirements.

When a private company develops anything new it may be put on the market, but it is sold at a price at which ninety-eight per cent of the people of this country cannot buy it. When anything is turned out by a private company it is sold at a price which does not permit the great majority of the people to benefit. I have worked in one industry for thirty years, and what research have they carried on? What improvements have they made? None.

An hon. MEMBER: It would have been better if they had.

Mr. GILLIS: It would have been better if they had. They are carrying on a little research now at the Sydney steel plant. The federal Department of Agriculture has an appropriation for the development of a fertilizer and the provincial government is assisting. However, I noticed the other day that one of the provincial men who is working with them had to spend three or four days with our national research people getting the necessary information and polishing up on the thing in order that it might be completed. In the final analysis the real work is being done here.

I do not see any solution of the future of this country in research. No doubt a lot of it has to be done. We are in an age where we are in the hands of the scientists. But if these things are to be developed in such a way that they will not be available to the majority of the people, we shall be wasting our time. I do not think the people of Canada realize the extent of our research facilities in Ottawa, and they should be extended and expanded so that we could make these things available to the people.

These private companies tie up the patents after they develop these things. They would not release the method of processing fuel. A senate committee in Washington is trying to break the monopoly of the oil companies in this connection. This research was done many years ago, but the patents are held internationally by the oil companies and will not be used until those companies are ready to make them available. I have no intention of delaying the minister any longer, but I just wanted to make that one point. These things should be made available to the people in order that they can use them, but if you depend upon private industry they will lock them away in their vaults until they are ready to release them.

Mr. JACKMAN: With the consent of the committee I should like to revert to resolution 20, which reads:

> That the right of the minister to reassess or make additional assessments in respect of any tax year be limited to a period of six years from the date of the original assessment.

I wonder if the minister would consent to making that six years from the date of filing the original return.

Mr. ILSLEY: Oh, no, I do not think so.

Mr. JACKMAN: It is a long period, six years of uncertainty. I think it is a condemnation of the department if the minister does not accept the situation. I had occasion to look at a company circular recently, and I think the return had not been returned or the assessment made final by the department going back to 1938 or 1939. After five or six years they may finally get the assessment from the department, and then there will be another six years during which the assessment can be considered and before it is made final. That would make a total of ten to twelve years. Surely six years after the filing of the return should be adequate for the department to make any necessary check-up, subject always, of course, to any fraud or the other reservations in the section. Otherwise I think it stands as a shocking condemnation of the department.

Mr. ILSLEY: My first reaction is not favourable, but the hon. gentleman may think that is temperamental. This is a problem for the Department of National Revenue rather than for the Department of Finance.

Mr. JACKMAN: The resolution is brought forward for one particular reason, to give some certainty to business. I am pointing out that there is the possibility of defeating the whole purpose. In the case I have mentioned, they are already six or seven years behind and now they want an additional six years before the assessment will be considered as being final. The department need never give an original assessment unless they see fit. This is one of the outstanding matters of administration in connection with our act and one of the cases where there is, shall I call it a loophole against the taxpayer and in favour of the government. This does not occur in the British and United States acts. We have never had a limitation in our act and now it is proposed to make it six years from the date of the original assessment. The Minister of National Revenue has stated that his department is not so far behind, and if he is correct then there should be no harm in saying that the tax return shall be final six years after filing, and not after the date of the original assessment.

Mr. ILSLEY: I can think of cases, perhaps not numerous, where litigation has extended over several years and you could not make a new assessment. However, I do not think that is the main argument against the hon. gentleman's submission. At the present time there is no limitation; the Department of National Revenue could go back to the beginning of the Income War Tax Act and make assessments if facts came to light which showed that a tax was payable. We are taking a long step in advance when we put a limitation on.

Mr. JACKMAN: You are catching up with other countries.

Mr. ILSLEY: It may be. But we are taking a step in advance and I think we had better go a little slowly about this. We had better try the six years at any rate, and then if we can get the assessing machinery which can function very promptly, possibly the time could be counted from the date of the return. But we have not that machinery at the present time. It is impossible to get the staff and it is impossible to make the assessment with great promptness.

Mr. JACKMAN: There has not been much pressure brought upon the Department of National Revenue because the same delay was in existence before the war. Then we had unemployment and accountants were seeking jobs. There is now the excuse that you cannot get additional accountants. Evidently there has been no pressure on the department up to date and it is high time that it should not longer be administered like a country grocery store.

24. That the minister may allow depreciation at double the rates normally allowed in respect of bona fide new investments made after a date to be declared by the governor in council; and, in such event, the taxpayer will be required to charge in any subsequent year at least one-half the rates normally allowed: Provided, however, in the case of a sale of assets in respect of which special depreciation has been so allowed, the minister may revise the assessments of the vendor for the years when the special depreciation was allowed, by disallowing as a deduction a pro rata portion of the special depreciation allowed, to the extent of the excess of the selling price over the depreciated cost of the said assets, less the amount of the depreciation normally allowed on the said assets, and less the excess, if any, of the selling price over the undepreciated cost of the said assets: Provided further that the portion of any loss attributable to the allowance of special depreciation shall not constitute a loss for purposes of resolution number twenty-two.

Mr. JACKMAN: Would the minister explain this?

Mr. ABBOTT: As explained in the budget speech, the general purpose of this proposal for depreciation up to double the ordinary rates is to allow companies to proceed with planning for post-war expansion or conversion of existing plant to peace-time needs. It is impossible for the government to state at this time when the excess profits tax will be removed, but this feature will enable the income from peace-time projects to be applied

against the cost of making the new investments at a time when the excess profits tax may still be in force. This, of course, does not mean that the profits from such new investment will escape taxation. It merely means that depreciation charges which are a proper charge against profits before tax may be taken at an accelerated rate from the beginning of such investment.

The measure is safeguarded by requiring an adjustment in profit and loss account in the event of subsequent sale of the assets in respect of which speedy depreciation has been allowed. Furthermore, any loss shown in profits and loss account as the result of this depreciation in excess of normal rates shall not be carried backward or forward as provided in resolution 22. A company is not compelled to take the double rates, although it must take at least half the normal rate allowed.

A similar provision exists with respect to accelerated depreciation granted by the war contracts depreciation board.

Mr. MARTIN: The minister always has the power of revising his assessment?

Mr. ABBOTT: The point I am making is that if accelerated depreciation is approved by the minister, there is a provision that if the assets depreciated are sold, and sold before they would have been fully depreciated under the ordinary basis, then a portion of the special depreciation which has been granted is taken back into profits.

Mr. JACKMAN: What is the full import of that clause in regard to subsequent years, that it must take at least half the ordinary depreciation? I do not understand just what bearing that has.

Mr. ABBOTT: Inasmuch as depreciation is going on anyway, you must start with something, and a business should not have the option of waiting four or five years until it has a profitable year and then plugging it all into that year. It must take some depreciation in each year.

Mr. JACKMAN: Even though they operate at a great loss they must take at least half the ordinary depreciation?

Mr. ABBOTT: Yes, and they have the option of taking double.

Mr. JACKMAN: At the present time, without this section being in force, if a corporation does not show any profit at all what is the ruling as to taking depreciation? May they take it or not?

Mr. ABBOTT: They must take half the rates.

[Mr. Abbott.]

Mr. KNOWLES: I shall not discuss the resolution at the length at which it might be discussed. As the minister and his assistant realize, it touches very closely the basic issue between the economic philosophy represented by the party to which my hon. friends opposite belong and the economic philosophy of this group. During the course of my speech on the budget debate I joined with others in offering certain congratulations to the Minister of Finance. I believe that he was not in his place at the time so that I might repeat one of the things on which I congratulated him quite sincerely, and that was the clarity with which I feel he states his position so far as his economic philosophy is concerned and as regards what he feels should be the post-war policy of this country. He made it clear during the debate on the budget and in the debate on the second reading of the Bank Act that he feels that post-war Canada should be founded on the principle of strengthening private enterprise. It is an old idea—at least that is the way we characterize it—that if assistance is given to private enterprise, somehow or another the benefits of that assistance will filter down through to the community as a whole. The position we take is that that system has been tried and found wanting, and that the time has come, particularly in view of some of the experiences which this government and other governments have had during this war, to turn to the principle of wider public control of industry and of our economic life.

Further, I want to congratulate the minister on his consistency in this respect. From the position that he takes, this resolution represents a perfectly logical course to pursue. It is, as the parliamentary assistant has pointed out, very similar to the course that has been pursued during the war in the granting of huge amounts for special depreciation to certain firms about which we have spoken in this house from time to time.

I rise at this point only to say that we in this group feel that the country is taking a backward step if it is still held that we can depend on private enterprise or that assistance of this kind can give us progress in the post-war world. I hope that the day will come when we shall have a government that will follow a different policy.

The minister when he referred to these resolutions in his budget speech on June 26 said that this provision would permit private industry to transfer some of its income from a period when war-time tax rates may still be in effect to a later period when the taxpayer may expect normal taxation. In other words, I think the minister will agree that it is correct to say that private industry is being

given a chance to gamble on lower tax rates at a later period. That gamble has to be within certain limits, in that the depreciation may not be greater than double the normal rates nor can it be less than half the normal rates. But within those limits private industry is given this chance to gamble that tax rates are much higher now than they will be later on, and to say, "therefore let us get as much depreciation now as we can, while the tax rates in effect are quite high." I confess that from the minister's viewpoint that is at least consistent; it is a consistent way of encouraging private enterprise to try to build this new Canada which we hope will come after the war. My contention is that private industry has been tried and found wanting, and that, consistent though this may be with the minister's philosophy, it will not do the job which needs to be done in the post-war period.

Mr. ILSLEY: I do not want to undertake now to reply to the hon. gentleman. He has, I think, made a fair statement of the issue. We are doing this to encourage investment by private enterprise; that is right, and we think the country will need it. He thinks the investment should be made by government, I presume, or some agency other than private enterprise.

Mr. KNOWLES: Substantially that is so

Mr. ILSLEY: We will not pursue that. But his leader made a speech on the budget to which I just want to refer. He said this, as reported in *Hansard*, at page 4351:

> Here is another instance of the familiar subsidizing of private enterprises that cannot stand on their own feet. Its plain meaning, as I take it at least, is that the taxpayer is to put up one-half of the new investments but will get nothing in return.

Mr. JACKMAN: That is as far from the truth as possible.

Mr. ILSLEY: The statement is incorrect, and I do not need to elaborate its meaning. The hon. gentleman (Mr. Knowles) who has just spoken knows the meaning of these matters pretty clearly, and I do not think he will contend that that statement is correct.

Mr. JACKMAN: I might point out that the statement of the hon. member for Winnipeg North Centre is entirely wrong, because he talks about these alleviations of hardship on business in some cases, and in other cases about certain incentives, as being something handed out to business. To me it has always been amazing that business has been able to stand the taxation put upon it, because business does not eat or consume the product which it has or it gets; it is simply an aggregation of people, who have got together in the form of a cooperative, if you like, and have pooled their resources and created work for other people.

Mr. KNOWLES: Aluminium Limited.

Mr. JACKMAN: Certainly if it had not been for United States enterprise coming over here we would never have given twenty-five thousand Canadian workmen jobs, and as one of my colleagues on the committee said, all you could see was that there was a lot of water going to waste up there. No raw materials were taken out of Canada, but we have given twenty-five thousand men employment in doing a great job. One of the most wonderful contributions in the world has been made to the production of aluminum, and the water is still flowing down to the sea. It is a wonderful job which the Aluminum company has done. I do not think it would have been possible for either the Canadian government or the people of Canada to have accomplished that great project without the assistance of this United States company. I may tell the hon. member that the company can produce in three days enough aluminum for Canada's requirements; the rest is all for export. What right would the people or the goverment of Canada have to go into that business under such conditions? However, I do not want to be drawn aside on that particular topic. We have talked about it before; we may talk about it at another time.

I wish to point out that business in this country is not left to itself; it is very heavily taxed; and in many cases there are—I will not call them penalties—exactions made upon business which make it almost impossible for business to go ahead. It was the purpose of this government, when war broke out, so to intensify taxation that it was impossible for any business dealing with civilian production to go ahead or expand. It was meant that these should be throttled, and they were throttled by the rate of taxation we have to-day. No measure could be more socialistic in peace times than a continuance of the taxation policy of the present government and I assume that it will not be continued. But I want to point out, contrary to what was said by the hon. member for Rosetown-Biggar, the leader of the C.C.F., in his remarks on the budget, that these are not a hand-out to business; they are a certain measure of relief because business is very heavily taxed in this country. To my mind it is wrong to tax tools. Business is simply a tool, and you cannot have employees unless you have employers.

Mr. ILSLEY: Perhaps I misunderstood the hon. member for Winnipeg North Centre.

I did not understand he was contending that we were making a hand-out to business, but if he was so contending I would not have agreed that that is what we are doing.

Mr. GILLIS: That is not what he said, either.

Mr. KNOWLES: No. The minister understood me correctly, but the hon. member for Rosedale did not quite get it.

Mr. ILSLEY: If the committee will permit me for just a minute, the hon. member for Rosedale is correct in saying that we have put on very heavy taxation; and we have certain rules about depreciation which may be regarded as normal rules applicable to business as a whole. In cases of new investments there is a relaxation of these rules to some extent. That is not a hand-out to business.

The attitude taken by the C.C.F. generally is that when you get heavy taxes on business, no matter how heavy they are you should keep them there; you should never relax. We are always criticized, I think, by the C.C.F. whenever we relax taxation on business, and that is consistent with the policy, as I understand it, of the C.C.F. party, because they regard it as in the public interest that burdens on private business cannot be too heavy because private business is old fashioned; the way to build a new country is to have an entirely different organization of business; therefore it is in the public interest to make the burdens very, very heavy, and it is always against the public interest to lighten those burdens in any way.

It is not making a hand-out to adjust your taxation to some extent in order to encourage the expansion of business, and I do not think the hon. gentleman accused us of trying to make a hand-out here. But that is what I understand to be the issue between us. I do not complain about the C.C.F. when they come along and say, as the leader of the C.C.F. did in his budget speech, that we should not lighten those burdens no matter how brutally heavy they are, that they should stay there; that these people should not be functioning in that way and that the heavier the burdens the better. That is the belief of my hon. friends of the C.C.F. party. It is not mine.

Mr. KNOWLES: I want to say, despite such disagreement as there may be between the minister and myself, that his understanding as to the issue between us is quite clear. But there is just this change in emphasis in what he has said now by way of describing C.C.F. policy in this respect to which I should like to point. The minister spoke as though our only interest so far as taxation of business is concerned is to impose upon it the heaviest possible burden. Now, so long as you have the system of private enterprise, capitalism, in effect as we have it to-day, we feel that the taxes should be sufficiently heavy to drain off to the community as a whole the wealth of the community which in the first instance is getting into private hands.

Mr. JACKMAN: It does not get into private hands. It is double taxation.

Mr. KNOWLES: That policy must be distinguished from the positive policy which we feel should be taken under the kind of government we ourselves advocate. In power, our concern would be, not with what the minister feels to be negative forms of taxation, but with positive means of developing the economy of this country and increasing production. The difference between the minister and me, between the Liberals and the C.C.F., is that he and his party feel that production can be encouraged and employment increased by assistance to private industry such as the minister consistently provides; whereas we feel that these things can best be accomplished by the government itself in the name of the people taking the initiative, somewhat after the pattern which has been followed during the course of this war.

Resolution agreed to.

25. That the provision permitting a taxpayer to deduct from tax the amount paid to any foreign country for income tax in respect of the income of the taxpayer from sources therein, be amended by deleting the requirement that such foreign country in imposing tax allow a similar credit to persons in respect of income thereof from sources within Canada.

Resolution agreed to.

26. That the provision whereby a special payment by an employer to make up a deficiency in an employees' superannuation or pension fund or plan may be deducted from income over a ten-year period be amended to permit annual payments of one-tenth, or less, of such deficiency to be deducted from income in the year of payment.

Mr. KNOWLES: I appreciate the arguments which the minister made about the taxation of annuities and also exemption from taxation in regard to payments into annuity funds, and I noted with interest his intention to set up a commission to study the whole matter. In the meantime, employees who make payments into superannuation funds find it difficult to understand the line of distinction drawn between some of these funds. For example, in the Canadian National Railways set-up, according to the information I have, payments into some of the pension funds are allowed as exemption from income before

taxation, while payments into some other pension funds of the Canadian National are not allowed. I understand from a large group of electors I represent in Winnipeg North Centre, men employed in the Weston shops of the Canadian Pacific Railway Company, that payments they make into their pension fund, although they were allowable in connection with compulsory savings when that provision was in effect, are not allowable as deduction from income before taxation, and employees who are denied that right know that certain other employees who apparently are paying into the same kind of funds enjoy that right, and feel that there is an unfair distinction there. Can the minister give some explanation? While he is speaking on that point, he might give us some information as to his intention to have that commission set up.

Mr. ILSLEY: With regard to the setting up of the commission, that will be done at the earliest possible date. I cannot say more about it than that, but we intend to get ahead with it. With regard to the distinction between the treatment accorded certain groups of employees and that given some others, roughly speaking it depends upon their own election. The best way for the hon. gentleman to get information is to apply to the Department of National Revenue, because the provisions are complicated. The general principles, however, are these. If the payments in are free from tax the payments out are taxable, and if the payments in are taxed the payments out are free from tax. That is the general principle and it is up to the employees to make election as to which they prefer. In this city the payments into the superannuation fund of the Bank of Canada are taxed and the payments out are free of tax, but the reverse is true of payments into the superannuation fund of the civil service. There the payments in may be deducted from income of civil servants for taxation purposes and the superannuation payments out are taxable. Apparently, one group of civil servants preferred the method applied to them, whereas the employees of the Bank of Canada, or the authorities of the bank, I do not know which, perhaps both, preferred the other plan. It is a question which is the more advantageous.

Mr. KNOWLES: Do employees in all cases have a say in the matter? Take the Canadian Pacific employees to whom I refer.

Mr. ILSLEY: It is the trustees of the fund that make the election.

Mr. KNOWLES: A difficulty arises from the fact that most people live in the present, and the employees in one railway shop who are paying taxes when the rates are high feel that it is quite a discrimination against them that they do not get exemption where some employees in some other shops do. I suppose the best one can hope for is that the commission will get to work soon and iron out some of these differences which are perplexing to the people affected, and which they feel to be quite unfair.

Resolution agreed to.

27. That dividends paid by a wholly-owned subsidiary non-resident company to a Canadian parent company be exempt from tax when received by such parent company.

Mr. GRAYDON: I do not wish to revert to a previous section, but I should like to inquire with respect to a particular matter and I am not sure that it is covered by any section so far as the resolutions are concerned. I have no desire to take up any considerable time, but could the minister indicate the present situation with regard to the commuters of Windsor district? This is a matter that has been drawn to the attention of a number of members of the house. There are 2,500 or 2,800 of these commuters.

Mr. MARTIN: Three thousand.

Mr. GRAYDON: My hon. friend knows that better than I do. I should like an explanation from the minister as to why the government has seen fit up to the present time to refuse application for some adjustment with regard to these people who are working in Detroit and living in Windsor. I take it there are other districts that may be similarly affected, but my information comes entirely by correspondence and the minister will be able to clear the matter up quickly.

Mr. ILSLEY: I do not see how in fairness we can permit the introduction of questions that have no relation to the resolution before the Chair, even by so distinguished a member of the house as the leader of the opposition. This may be brought up on other occasions. I, too, have had correspondence. I do not know that I can recall from memory the points at issue, but certainly they have no relation to this resolution.

Mr. GRAYDON: I was called out on some business for a moment when resolution 25 was being passed, and I felt that perhaps resolution 25 had a closer relationship to the subject

which I wish to discuss than any other resolution, and it was with that that I was about to deal.

Mr. MARTIN: I had hoped—

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. MARTIN: I was speaking to the point of order. I simply wish to say I desire very strongly to speak on this matter, and I should like to know under what resolution it may be discussed.

Mr. ILSLEY: What is the point at issue?

Mr. MARTIN: The point at issue, among others—

The ACTING CHAIRMAN (Mr. Golding): It has nothing to do with the resolution we are now discussing. I think we should try to keep to the resolutions as they are.

That dividends paid by a wholly-owned subsidiary non-resident company to a Canadian parent company be exempt from tax when received by such parent company.

Mr. KNOWLES: This is related to the resolution that I spoke on a while ago, resolution 24. I shall not take undue time, but I should like to make a brief statement and I will be concrete about it. Last year some of us had a good deal to say about the Aluminum Company of Canada and the provisions made to that company under the terms of P.C. 11745 of December 31, 1942. The Aluminum Company of Canada is part of the Aluminium Limited set-up, which owns to the extent of 100 per cent the Demerara Bauxite Company of British Guiana. It owns many other companies as well. I believe that comes exactly under the terms of this resolution which reads: "wholly-owned subsidiary non-resident company to a Canadian parent company." The Canadian company is Aluminium Limited, the wholly-owned subsidiary non-resident company is the Demerara Bauxite Company Limited of British Guiana.

Mr. ABBOTT: If that subsidiary were in Canada its dividends would be exempt from taxation when received by Aluminium Limited?

Mr. KNOWLES: Yes, I understand that; at least I know that the law provides exemption in certain cases.

Mr. ABBOTT: Of company dividends.

Mr. KNOWLES: Whether this one would fit the details of the act I am not too sure myself. What I wish to point out is when the special depreciation allowance was made under the order in council to which I have referred it provided for $117,000,000 which covered items of expenditure in Canada and also items of expenditure in Newfoundland and in British Guiana for the Demerara Bauxite Company Limited. The schedule attached to P.C. 11745 lists those works in considerable detail, but it does not give the cost of each one. Therefore it is impossible to compute how much of this depreciation was for construction of works in British Guiana, but I made a dead reckoning sort of computation. I simply took the total number of items and set against that the number of items in British Guiana. In using that as the proportion, recognizing that it might be some millions of dollars out, it would seem to indicate that somewhere around $45,000,000 of this depreciation was allowed for the construction of works in British Guiana. Now, the works constructed down there with the assistance in this form include some pretty extensive items.

Mr. ABBOTT: It is not assistance.

Mr. KNOWLES: We are right back on last year's argument on that point.

Mr. ABBOTT: They did not build whatever they built in British Guiana out of taxes that had not yet accrued, did they?

Mr. KNOWLES: They built it with money that they were going to get and some of which they had already got in advance on contracts that were due to the war and that were being paid for by the people of the united nations.

Mr. ABBOTT: Not by money provided by the people of Canada.

Mr. KNOWLES: Then in turn they were permitted to deduct from their profits the total cost of this construction. I want to point out that this construction in British Guiana included some pretty extensive items, a great number of railroads and bridges, and the main item of course is the plant and equipment to produce 1,500,000 tons of bauxite per annum. Last year I checked on this matter in the library and found that that figure is more than three times the total annual production of bauxite in British Guiana before the war. In other words, through this means we have helped to make possible the building in British Guiana of a very extensive plant which is the entire property of Aluminium Limited, the parent company in Canada. Up to the present I take it the dividends on the operation of the Demerara Company which have come to Aluminium Limited have been taxable and yet, despite that arrangement Aluminium Limited has got along very well in the profits that it has been able to pile up year by year, and the dividends it has been able to pay. Entirely apart from any argument there may be between us as to the theory behind it, I cannot see the necessity

for granting relief on this point to a company such as this, particularly in view of the kind of assistance it has received. I say that recognizing the difference there is between us as to the definition of that word. I see that the Minister of Mines and Resources is interested in this. He and I had some arguments about this very subject last year relating to the question as to what the Canadian government could do about the bauxite company since it was outside Canada. I now call to his attention the fact that it is wholly owned in Canada by a Canadian company and that these extensive developments were financed by this arrangement that we have detailed several times.

My point is that with all that assistance, with the arrangements that we have behind it, I feel that it is going a little bit too far to add to that this further relief from taxation, which, apart from whatever theoretical differences there may be between us, apparently is not necessary because of the profits that Aluminium Limited has been able to show on the old basis.

Mr. ABBOTT: Only relief from what in effect is triple taxation. This is not relief to shareholders of Aluminium Limited from taxation.

Progress reported.

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

Friday, July 14, 1944

The house met at three o'clock.

MEAT

CONTRACT WITH UNITED KINGDOM FOR SUPPLYING OF BEEF, 1944-45—FLOOR PRICES

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, I wish to announce that negotiations have been completed for a contract to supply the United Kingdom with a minimum quantity of one hundred million pounds of beef during the two-year period 1944 and 1945, and in addition to this minimum quantity all further surpluses of beef as they become available. The negotiation of this contract has the effect of assuring floor prices for beef on a revised scale.

In the case of special "Red Brand" beef and commercial beef of "Blue Brand" quality, the meat board will purchase for export to the United Kingdom an agreed quantity at prices 25 cents below their respective ceilings. If further surplus quantities of "Red" and "Blue" brand beef are offered to the meat board, the board will purchase all such additional quantities at prices 50 cents below the ceiling.

Other qualities of beef will be purchased on the following basis: Choice and good quality cows, 75 cents below the ceiling; commercial quality not qualifying for "Blue" brand, $1.25 below the ceiling.

Accumulations of beef of lower qualities will be avoided by inclusion in the exports of substantial quantities of boneless manufacturing beef.

The above prices constitute in effect floor prices since the meat board will be prepared to buy all quantities offered to it.

If present trends of marketings continue and if high quality cattle come to market in an orderly manner, it is expected that the minimum quantities provided for in the United Kingdom contract will maintain the prices of "Red" and "Blue" brand beef at a point not lower than 25 cents below the ceiling. In any case, however, no matter how heavy or irregular the marketings may be, the producers of "Red" and "Blue" brand beef will have the complete assurance of the protection of floor prices at not less than 50 cents below the ceiling.

These new floor price arrangements will come into effect on August 21, 1944, and will replace the variable and graduated floors which have been in effect during the 1943-44 season. Under last year's arrangements, the floor prices ranged from $2.25 below the ceiling during the late summer and autumn months to 25 cents below the ceiling in the late spring and early summer months. The new floor prices will remain level throughout the year.

BUSINESS OF THE HOUSE

QUESTION OF CONSIDERATION OF REPORT OF SPECIAL COMMITTEE ON REVISION OF STANDING ORDERS

Hon. R. B. HANSON (York-Sunbury): Mr. Speaker, may I be permitted to ask the Prime Minister if it is his intention to drop the order of business now standing under the heading of motions, namely, the further consideration in committee of the whole of the report of the special committee on the revision of standing orders, and on the proposed amendment thereto of Mr. Neill. Speaking for myself and myself alone, I would regret the abandonment of this order. The committee was set up in a perfectly non-partisan way; it was a good committee and it did a lot of hard work. During the debate ensuing on the report of the committee it appeared that there was objection to the proposals, but I hope

that will not deter the Prime Minister from proceeding or endeavouring to proceed with this order of business before the close of the session. If the proposal had merit at its inception, it still has merit, and I suggest that it has.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, may I say to my hon. friend that I share his views about the importance of the work of this committee. There is no one in the house who would have been more pleased than I to see the recommendations of the committee adopted without much in the way of debate. Unfortunately, as my hon. friend knows, when the matter was before the house the last time there was a protracted debate. I was absent from Canada at the time, but on looking over the proceedings I find that the discussion occupied an entire day and that no progress was made. It was apparent to me that if the matter were brought up again the same obstruction would be encountered. I felt it would be advisable, in the circumstances, to allow the matter to stand at least until we had got along as far as we could with the work of the session. It did not seem advisable to risk having important measures held up by another protracted debate. I would think that before the present session is over we might find time to consider this resolution, so that at a subsequent session of parliament the business of that and subsequent sessions might be expedited, but I would not like to give any definite undertaking to my hon. friend at this time.

CANADIAN FORCES

QUEBEC ELECTION—INQUIRY AS TO DISFRANCHISING OF PERSONNEL OUTSIDE THE PROVINCE

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, early this week I directed a question to the three ministers of national defence asking them if they had taken any steps to protest or to urge the premier of the province of Quebec to make some arrangement for the taking of the vote in the provincial election those in the armed forces now outside of that province. Two of the defence ministers indicated at that time that they had not taken any such steps, and I urged that they should do so because this is the only instance, I think, of a provincial election in which that has not been done. Can the ministers indicate whether they have taken any steps in response to my urging of Monday last?

Hon. J. L. RALSTON (Minister of National Defence): Speaking for the army, I have not taken any further steps in connection with the matter. I have considered it a distinctly provincial matter, one in which I do not think I have any official status to interfere in any way. I felt that my proper function was to allow any considerations which may influence the provincial authorities of Quebec to have such weight with them as they think proper. They are responsible for that.

Hon. ANGUS L. MACDONALD (Minister of National Defence for Naval Services): I have given consideration to the matter, and my views coincide with the views of my colleague the Minister of National Defence (Mr. Ralston).

Mr. GRAYDON: The only reason I raised the question is that the three ministers of national defence are the only spokesmen here of the men in the armed forces in such an instance, where a provincial government deprives them of their franchise; and may I pause to say I do not think any provincial government should deprive our No. 1 citizens of their franchise.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I submit, Mr. Speaker, that my hon. friend has no right under the rules of the house to discuss matters exclusively of domestic concern to provincial governments. He is discussing a matter which is entirely within the jurisdiction of the province and which should not be discussed in this house.

Mr. GRAYDON: I do not want to transgress any of the rules of the house, and I am not doing so when I ask the three defence ministers to draw this matter to the attention of the government of Quebec. I think that that is a fair request to make, and I make it again because the three ministers are the only three I know of who can be spokesmen here for the armed forces.

Mr. SPEAKER: There is nothing before the Chair.

Mr. MACKENZIE KING: I say to my hon. friend that he has been the one in the last few days who has been objecting to having anyone here have anything to say about provincial governments and provincial elections. He should be the last to suggest that there should be any interference by this side or by those inside this house in a provincial election.

Mr. GRAYDON: May I just say to the Prime Minister that when he accuses me of taking a certain stand with respect to the relations between the dominion and the provinces, there is no parallel at all. When the

premier of Quebec says one thing, and this government on two occasions says directly the opposite, I think that justifies the stand I took.

Mr. MACKENZIE (Vancouver Centre): Leave the election to Quebec.

Mr. GRAYDON: The official interrupter.

NAVAL SERVICE ACT

AMENDMENTS AND CONSOLIDATION—ADAPTATION OF UNITED KINGDOM NAVAL DISCIPLINE ACT, 1866—CONCURRENCE IN SENATE AMENDMENTS

Hon. ANGUS L. MACDONALD (Minister of National Defence for Naval Services) moved the second reading of and concurrence in amendments made by the senate to bill No. 112, respecting the Naval Service of Canada.

Mr. GRAYDON: May I ask the minister to give a full explanation of these amendments? I understand that they have been included in the bill after certain suggestions were urged by the senate and by the department.

Mr. MACDONALD (Kingston City): My hon. friend is correct in that statement. The amendments will be found at page 518 of the *Votes and Proceedings* of the House of Commons. Three amendments were made in the senate, some of which were suggested by the department and all of which were agreed to by the department. The first amendement defines the phrase "Commander-in-Chief" as follows:

"Commander-in-Chief" means an officer appointed as such to the chief command of a fleet, squadron, or station, or, in the case of any station for which no officer has been so appointed, the Chief of the Naval Staff."

Mr. HANSON (York-Sunbury): Is that a change in the present definition, or is it creating a new definition?

Mr. MACDONALD (Kingston City): It is new. It will appear in the bill between paragraphs (a) and (c) of clause 2. The phrase "Commander-in-Chief" had inadvertently not been defined in the bill as presented, and it was thought well to have a definition set out in the bill. This definition has been suggested as an amendment by the senate.

Mr. HANSON (York-Sunbury): That is to say, there is such an officer as "Commander-in-Chief" but the position has not been defined heretofore.

Mr. MACDONALD (Kingston City): That is correct. The second amendment is purely a matter of wording. The present definition of "man" in clause 2 of the bill reads:

"man" means a person in the naval forces holding the rating of chief petty officer or below;

It was thought better by the draftsman to say:

"man" means a person in the naval forces holding a rating of or below chief petty officer.

It is merely a transposition of certain words.

Mr. ADAMSON: You do not use the word "rating" any more?

Mr. MACDONALD (Kingston City): The word is not used any more in the bill. It has a meaning in the service.

Mr. ADAMSON: Do you refer to warrant officers, petty officers and men as ratings?

Mr. MACDONALD (Kingston City): "Man" includes anybody holding the rank of chief petty officer or below, so that the two words "officers and men" would include the whole field of personnel.

Mr. ADAMSON: It is a simplification.

Mr. MACDONALD (Kingston City): Yes. The next amendment is to section 74 of the bill, page 17. The present clause sets out that "Any person who designedly or negligently" and so on "strands or hazards any of His Majesty's Canadian ships" and so on and so on "shall suffer punishment". It occurred to us after the bill had passed through this house that there might be ships in the navy, not His Majesty's Canadian ships, but say ships chartered to the navy, supply ships or that sort of thing, which might not be properly speaking ships belonging to His Majesty, and we wanted to have it clear that an officer negligently stranding or losing one of these ships would subject himself to the penalties provided by the clause. I so move.

Motion agreed to; amendments read the second time and concurred in.

NATIONAL HEALTH AND WELFARE

CREATION OF DEPARTMENT FOR MANAGEMENT AND CONTROL OF SOCIAL SECURITY AND WELFARE

The house resumed from Tuesday, June 27, consideration in committee of bill No. 149, to establish a Department of National Health and Welfare—Mr. Mackenzie King—Mr. Bradette in the chair.

Sections 1 to 3 inclusive agreed to.

On section 4—Deputy minister. Officers and other employees.

Mr. GRAYDON: Does this provide for the officers, clerks and employees of all kinds being under the civil service commission, or are there some exceptions?

Mr. MACKENZIE KING: They are all under the commission.

Mr. GRAYDON: All under the civil service commission?

Mr. MACKENZIE KING: Yes.

Section agreed to.

On section 5—Duties, powers and functions of minister.

Mr. LEADER: Before this section is carried I should like to offer a few remarks. It is an old subject to many in the house, and I expect there are a number here who think that I am more or less of a nuisance.

Mr. GRAYDON: Nobody thinks that.

Mr. LEADER: Thank you. I do not believe that individual members think so, but I am not so sure that the government does not consider that I am a nuisance. When I make that statement I include members of the government as individuals; they have the authority, they have the responsibility, and they have not taken any action. It is just one year to-day since this question was brought up in the house.

Mr. MACKENZIE KING: May I say to my hon. friend that he has not yet mentioned what the question is to which he refers. He has something very much in his mind, and I sympathize deeply with him in his wish to discuss it at this time; but when he says that the government thinks he is a nuisance I would tell him that I have always regarded him as quite the opposite, and wish to thank him for the cooperation he has given me time and again. But I have a duty in connection with the leadership of the house, which is to see that the rules of the house are observed. If, in any way, I should have occasion to interrupt my hon. friend it would simply be to draw attention to the fact that we have before us a bill which deals with the creation of a department of government, and with nothing else. It does not deal with the question of individual diseases, a subject that would quite properly come up on some other occasion. So far as I am personally concerned, if the committee is agreeable, and I think it is, to allowing my hon. friend latitude to discuss anything he may wish, I am perfectly agreeable to have him accept that latitude, but I would not like it to be regarded as affording a precedent by other speakers who follow him; and that is the difficulty I have. The subject which he is bringing up is a very controversial one. I was taken much to task the other day after my hon. friend spoke, as I had said to some hon. members, not to pursue the matter any further by taking exception to what had been said. The other side was to have been presented on the part of some, but they deferred for that reason. That is the only objection I have.

Mr. LEADER: I thank the Prime Minister for his kind words. It is because of lack of government action, which I am trying to point out, that I feel it is necessary for me to bring this matter before the committee again. I hate to be considered to be even half out of order; I want to obey the regulations of parliament and adhere to the rules in all cases; but I believe this is the proper time to bring up the subject which is in my mind, namely the investigation of a scientist—some doctors would not call him a scientist—a research worker who has given the best part of his years in research work endeavouring to find a cure for cancer. The man I have in mind is Doctor J. R. Davidson, of 232 Somerset block, Winnipeg. I hope that is definite. You have the subject of the remarks I am now going to make. I hope I am not going to be too long; certainly I do not wish them to be controversial, but if it should happen that they are, I shall try to uphold my end.

As I pointed out when I commenced speaking, it is just one year ago to-day, since this question was first brought up in the House of Commons and no definite action has been taken. There has been some superficial work which has really aggravated more than it has helped the situation. We have heard from one side only, and that is as a result of the superficial investigation which was made by the medical committee of the research council. We have heard nothing with regard to the government's attitude; and because it is so vital to me I have taken it upon my shoulders to acquaint the people of Canada with the true situation, and 10,000 pamphlets have gone out throughout this dominion. I am getting hundreds of letters every day; I know that public opinion is behind me; and I dare to bring a matter up of which I am supposed to have no knowledge.

Just last night I had a telephone call from Windsor. A friend who was operated on for cancer, had been sewed up and for whom nothing could be done, wanted to get the address of J. R. Davidson of Winnipeg. The other day I read a letter from the northern part of Manitoba. I get letters by the hundred from both the western and the eastern parts of Canada; I receive some from England, some from the United States, some even from South America. So that when I make the statement that public opinion is becoming aroused, it is true. Circulars are being sent out from the city of Calgary addressed to ministers of the

gospel urging them, if they have at heart the interests of the people of Canada, to back up this request for an investigation.

I am trying to be as temperate as I can, but I want to make my position clear. I said at Portage la Prairie—by the way, my speech was recorded; anyone can hear it, and I expect it is being heard all over this dominion and perhaps beyond it—that the medical committee of the national research council was developing monopolistic tendencies. I wish to prove that statement to-day. I do not want to make a statement and let it go at that; I want to prove what I say.

The CHAIRMAN: Order. I know the hon. member realizes that I would be the last person to try to curtail any member's speech, and particularly his. However, we are now dealing with a particular clause of the bill, and if we are to open up a general discussion with regard to various matters not related to the bill or to the clause—the national research council and so on—there will be no end to the discussion. It is a definite rule of the committees of the house that speeches should be confined to the subject matter of the clause before the committee.

Mr. LEADER: On a point of order, Mr. Chairman, may I say that I made a statement at Portage la Prairie and I make it here, that the medical committee of the national research council is developing monopolistic tendencies, and I am prepared to prove it. If it is not the wish of the committee that I should do so, I will say no more.

Some hon. MEMBERS: Go ahead.

The CHAIRMAN: It is not a question of making a statement. The Chair has to be governed by certain definite rules that are laid down, and if I do not follow those rules I myself shall be open to criticism, and properly so.

Mr. LEADER: May I point out that subsection (b) refers to "investigation and research into public health and welfare." There is not a doubt in my mind, and I hope there is no doubt in any hon. member's mind—I do not think there is a doubt in the Prime Minister's mind—that I am in order. That is the way I feel about it, but I do not want to transgress the rules of the house, and unless I have permission to go on, in the condition I am in today I do not wish to say any more. I do not want your sympathy; we have had too much of that. It takes more than sympathy to cure this disease. I am either in order or out of order, and if you insist that I am out of order I will ask for the decision of the house.

The CHAIRMAN: I am bound to abide by the rules that are laid down; if I do not observe those rules I am remiss in my duty. There are other opportunities open to the hon. member. The discussion must be confined to the clause before the committee.

Mr. HOWDEN: May I point out, on the point of order—

The CHAIRMAN: I have given my decision. If there is—

Mr. McGEER: A point of order can be argued, and the point is this—

The CHAIRMAN: I have given my decision.

Mr. NEILL: It is customary to allow members to express an opinion before a decision is given, and I would like your permission, Mr. Chairman, to make a few remarks on the point of order.

The CHAIRMAN: I have given my decision. There are rules that I must abide by. If we do not observe the rules, then we leave the discussion wide open.

Mr. NEILL: It is the established custom in this house to allow any member to discuss a point of order, but you gave your decision in this instance first and refused to allow anyone to discuss the point of order. That is not fair and is against the rules of the house.

The CHAIRMAN: I did not think any member wanted to speak to the point of order.

Mr. NEILL: I did.

Mr. MACKENZIE KING: I understood the Chairman to be calling the attention of the hon. member to the rules of the house. That was the extent to which he went. The hon. member himself raised a point of order. That is still open for discussion, but as far as I heard the Chair, the Chair merely directed the attention of the hon. member to the fact that he was going beyond the rules of the house in discussing the question he did.

Mr. HOWDEN: If the point of order has not been definitely decided, Mr. Chairman, I would point out that we are considering Bill No. 149, and we have reached section 5 which provides:

> The duties, powers and functions of the minister shall extend to and include all matters relating to the promotion or preservation of the health, social security and social welfare of the people of Canada. . . .

If the consideration of cancer is not something that has to do with the preservation of public health I would like to know what is.

Mr. McGEER: Subsection (b) reads:

> Investigation and research into public health and welfare.

What the hon. member was discussing was the medical committee of the research council of Canada in relation to public health. Surely that is in order.

The CHAIRMAN: I am in the hands of the committee. If it is the consensus of the committee's opinion that the discussion shall take place, I am perfectly satisfied.

Mr. LEADER: Thank you, Mr. Chairman. I wish to give some evidence to prove the statement I made that the medical committee of the research council has developed monopolistic tendencies. Most members, perhaps all, have read in the Ottawa *Citizen* articles written by R. E. K. Pemberton. These were reprinted by permission of *News* of Toronto, and I quote the following:

Recent discussions in *News* have highlighted the fact that organized medicine, at least in the United States, can be a menace to public health. To how many will it be news that similar conditions prevail in Canada? This is the truth, and it is a truth much more harmful than merely hateful. It may mean unnecessary sickness and premature death for very many among us—perhaps you or me, or one of our children or more. Much is very wrong right here, and right now, even in Canada, even in Ontario. I write, of course, as a layman; not as a technical expert in any field . . . experts, by the way, are often wrong, and sometimes silly; it is for you and me to use them, not to be ruled by them; to weigh them against each other; to be, as democrats, their masters, not their slaves.

In a succeeding article the same writer deals with the Davidson cancer treatment at Winnipeg, and he draws to the attention of his readers the fact that the Kiwanis club of Winnipeg saw fit to appropriate $2,500 to help Doctor Davidson in his research work. He tells of a mass meeting held at Portage la Prairie, and about a resolution passed there asking for a full and fair investigation into Doctor Davidson's work. Evidently this writer, of whom I know nothing, is imbued with the suspicion, if not belief, that a monopoly does exist in the medical profession. I want to submit some evidence which I also submitted at Portage la Prairie. May I tell you that when the committee was sitting on social security—I refer to No. 22, held on Wednesday, June 16, 1943—the medical committee of the research council was represented by Surgeon Commander C. H. Best, the opening paragraph of whose statement reads—and listen to this evidence, because it should be irrefutable:

Mr. Chairman, ladies and gentlemen: The associate committee on medical research, of the national research council, wish to lay before the special committee on social security of the House of Commons, evidence that the national research council should be entrusted with the direction of any medical research program which will spring from the application of a national health insurance act.

Surely, Mr. Chairman, that is sufficient evidence. Now I want to say something in reference to what I said the other day. I am quoted in the *Journal* as saying that the member for Renfrew South (Mr. McCann) is mentioned as a possible minister of this new department of health which we are creating. That is all they say about it. If they had printed all my remarks I would not have said anything about it here. With all due respect to the hon. member for Renfrew South, I wish to say that if I were making the choice of a minister for this new department of national health, he would not be the one I would choose. If I were to make the choice—I do not think the government will grant me that privilege—I would choose a minister from the hon. members sitting nearer to me than the hon. member for Renfrew South. I just want to say that by the way. I have no fault to find with the newspapers, but sometimes they print these little articles which do not tell the whole story. This particular article seems to imply that I would support the hon. member for Renfrew South as minister of national health. I just want to make it plain to my hon. friend the member for Renfrew South and to all hon. members that he has not my support as a possible minister for this department.

Mr. SLAGHT: Does the hon. member confine himself to medical men? He speaks of those sitting nearer him. Have any of the rest of us any consideration in the matter at all, or is it confined merely to medical men?

Mr. LEADER: I let it go at that. The hon. member may have his hopes aroused, as other hon. members all over the house.

What I am about to say is said with all due respect to the hon. member for Renfrew South. He has not exhibited any desire to have Doctor Davidson's work further investigated. When this bill was before the house a while ago he said he thought that the federal government, the department of health and the national research council had gone far enough. Speaking personally he said he did not think the situation warranted the federal government or the national research council or the department of health spending the taxpayers' money in making further investigations. Then yesterday he said this, or words to this effect—I am not quoting, but hon. members can look it up in *Hansard* and see if I am wrong. If I am I expect I shall be called to order. He protested against the taxpayer deducting from his taxable income

the medical fees he had paid outside of Canada. If that is not a tendency to a monopoly I do not know what it is. In fact one of the hon. members on the other side said that coming from the Liberal party, who he believed were more or less free traders, it was really illuminating. It was asking for a tariff for a certain profession.

I wish to suggest to the government that they cooperate, as this bill intends, with the provinces; cooperate by giving a grant to every province in the dominion to help them to set up some kind of clinic that can look into Doctor Davidson's work. That can be done and should be done in every province.

I mentioned a gentleman who telephoned me from Windsor, Ontario. I do not think that he would get near Doctor Davidson's office, because hundreds are being turned away from all parts of Canada, and some from the United States. You can understand that only a few of the people of Canada will have the privilege of coming in contact with the doctor. Therefore if the government is anxious and willing to exploit this possible cure it should help the provinces to set up these clinics in at least every capital city of the dominion. That is something I proposed before. I am deeply conscious of the fact that the Prime Minister is sympathetic, as are all hon. members of this committee, but for God's sake let us have action. Approximately fourteen thousand people have died from cancer since I brought up this matter one year ago. The people are expecting action. That is all I have to say on this very important matter.

Mr. HOWDEN: I have heard it said that a drowning man grasps at a straw. For many long years the disease of cancer was considered, and it is still considered, largely hopeless. We never cure cancer; we cut it away, and if we cut away enough good tissue with the cancer sometimes we cut the disease away entirely and we get relief. More recently they burn it away with radium and X-ray. Fortunately the radium and the X-ray have a predilection for the diseased tissue rather than sound tissue, and sometimes the individual survives the application of radium and the X-ray, but it does not always cure cancer

There is a lot of ambiguity and misunderstanding with regard to the Davidson affair. I will not even go so far as to call it "the Davidson cure for cancer"; but I would like to tell the story about Doctor Davidson, because I know it. I do not know whether the committee is interested in knowing about this little man, but I know about him personally and I can tell you about him. I have been talking to him personally and comparatively recently, and I know most of the facts in connection with this case. Thirty-five or forty years ago Doctor Davidson was a leading doctor in the city of Winnipeg and has been ever since. He was on the staffs of two or three hospitals there. He was a trusted and leading man, and he still is a trusted and leading physician, although he is an old man now. As the attendant on the staff of the Winnipeg general hospital he had frequent cause to observe cases of new growths, cancer and sarcoma that entered the wards in a hopeless condition. In the ordinary course of his treatment in this hospital he had discovered cases that when they were fed on abundant full nutritional vitamin diet the disease was retarded or slowed up. So definite was this fact that he decided to work on it and to follow it up. At that time there was in the city of Winnipeg a prominent, outstanding surgeon by the name of Doctor J. E. Lehmann, who has since died. I got this story directly from Doctor Davidson's lips, and I think it is well that the committee should know it. A case came into the wards of the general hospital. That case was saturated with cancer that was called carcinomatosis, little cancer deposits growing in the skin of the arm, the shoulders, the scalp and the abdomen. She was full of cancer. She had been an operative case of Doctor Lehmann, and he also was an attendant of the surgical wards. When she dropped into the public ward, apparently to die, Davidson called Lehmann in in consultation to see his former patient. Lehmann said: "There is nothing you can do for the woman, Davidson. You may as well send her home to die." You see, hospitals do not like to have people dying in them. That is not what they are for. Hospitals are for curing people. Lehmann advised that the woman be sent home to die. Davidson kept her there for two or three weeks and he treated her with his idea of a high nutritional diet. Let me tell you what it is. It is chick embryos that have been incubated for thirty-six hours. He takes the fresh egg and he incubates it for thirty-six hours, and then he takes the chick embryo, the beginning of a new life and feeds them to the patient. Thirty-six of those embryos were fed to that woman every day for three weeks—not for three weeks all the time—while she was in the hospital. She appeared to recover, pick up strength and improve. She was sent home, and good word came back to the doctor from her at home. After eight months she came back to the hospital and presented herself to Doctor Davidson. He saw her, and behold, the carcinomatosis had disappeared, the little lumps of cancer in the abdomen, on her arms,

her back, her head and so on, and the lumps in her integument had apparently largely disappeared.

I know that there are a lot of sceptical men who would laugh at that. I would just as soon take Davidson's word as anybody else's. He called in Lehmann to look at the woman and he said, "I thought you were dead." She said, "No, I am very much alive, thank you." Lehmann said to Davidson, "I think you have got something; you had better go ahead and work on it."

That was the beginning of experimentation with rodents. Doctor Davidson has definitely established two principles. He has definitely established that he can retard the advance of cancer by a high nutrition diet. That is something definite; that is a principle. Let me explain the experimentation with rodents. They take a mouse and shave the hair from the back of its neck. Then they put a little spot of tar on the shaven place, and the mouse scratches away at that tar until he causes an ulcerating sore, which eventually becomes cancerous. As I told this house previously, Doctor Davidson experimented with two families of mice, one on ordinary nutrition and the other on high nutrition. He discovered that the mice fed on the high nutrition diet did not develop cancer after they had tar put on the back of their necks. Then he went a step further; he decided to experiment with the serum of the healthy families of mice, on the unhealthy families of mice, and actually discovered that when the unhealthy families of mice were injected with the serum from the healthy families, their cancerous sores cleared up. So that another principle was established. Those two principles cannot be denied by the research council of Canada or anyone else, because they have been definitely proven and shown.

Before leaving that point, the hon. member for Portage la Prairie has recited in this house the testimony of a great many people concerned with this matter. The other day I received a letter from a lady whom I do not know, who is not a patient of Doctor Davidson, and who is not known to the hon. member for Portage la Prairie. She is a Mrs. Florence N. Farwell, of Toronto, and she says:

> In the last issue of *Diet Digest* an article appeared on cancer written by Dysen Carter telling of Doctor Davidson's work on cancer. I think I can be of help, as my sister developed cancer and went right back to natural foods. It took us eight years to conquer the disease, but we did it. I am enclosing an article which will tell you a little of our struggles during those eight years, that is if you are interested in one's experiences and researches of her own life.

[Mr. Howden.]

On another page I have a statement from this woman, who claims to be the sister of two doctors and who was told by her medical adviser that there was nothing for her but an operation. She decided against that, preferring death, and proceeded to give herself treatment by nutrition and diet. That woman is now living and well. Let me read just one paragraph from her letter:

> When I developed cancer the doctor said it was a carcenoma cutis. As I did not know what he meant I looked in the medical dictionary and found the meaning of carcenoma cutis to be "a malignant cancer." I was stunned. Where could I turn for health? The doctors here said "operation", but I could not bring myself to consider that form of treatment, and my own doctor brothers said, "to leave it alone and live quietly and you may live a few more years." I told them that I could not sit quietly by and let it eat my life away, so, taking my life in my own hands, my sister and I went to work.

I am not going to read the rest of the letter, but it was in 1920 that she was told she could not live more than two years. This is 1944; she is still alive, and has done nothing but follow a strict diet. Apparently she has cured herself of what would seem to have been cancer; at least her brothers were ready to believe that it was cancer, and her medical adviser stated it was cancer. Here we have another instance along the same line as Doctor Davidson's idea, indicating that a high nutritional diet with abundant vitamins is antagonistic to the development of cancer. All right; let us go that far. If we have not actually established those two principles at least we have had them brought prominently to the attention of the people at large, so for God's sake let them hang on to them. As I said a moment ago, a dying man grasps at a straw. If there is anything at all in it; if there is anything to be followed up, let us follow it up.

But what are we doing? What investigation have we had? There has been none. I believe a Doctor Meltzer and a Doctor Campbell, both of Manitoba, were delegated by the Manitoba medical association or the Winnipeg medical society to investigate Doctor Davidson's cancer experiments. They followed up some of the earlier experiments with mice, and reported that they thought there was a good deal of merit in Doctor Davidson's work, but they could not substantiate his findings. That was their report, and there has been no investigation since. With all due respect to the national research council I know they did not investigate Doctor Davidson's work, because I have been talking to Doctor Davidson about the matter and no one spoke to him personally about his work. They did send him a questionnaire: what did you do about this,

what did you do about that, and so on, a matter of some ten or fifteen questions. Doctor Davidson answered a few of the questions but he said there were a few he could not answer because he was not able to keep the data, and perhaps was not sufficiently versed in the sort of information they required. An investigation of that kind is not what we want. Here we have the testimony of fifteen or twenty people who declare that they have been benefited—some say they have been cured—by Doctor Davidson's treatment of cancer. I will bet you there are hundreds of people with cancer all over Canada who would jump at the chance to be given that treatment. Why, we should establish small depots in hospitals here and there all over the country and get all people afflicted with cancer to come along and be treated in this way; I will bet there would not be a square inch to spare in any such clinics that might be established.

Well, Mr. Chairman, I hope I have not bored you to death or needlessly taken up the time of the committee, but for heaven's sake let us take some decent action in regard to this matter, so that we may relieve people dying of cancer. That is all I have to say.

Mr. McIVOR: Mr. Chairman, you have heard from a farmer and from a student of medical science. Now you will hear just a brief word from a student of the queen of sciences, theology. I think that will give you a good cross-section of the intelligence of this house. We do not want to find fault with the research council or to hurt any individual. I introduced this matter in the house a year ago, and all we ask is that the findings of Doctor Davidson be preserved. I do not care whether that is done by a committee of the research council or by the Minister of Pensions and National Health, whom I trust absolutely. Let us make some progress, that is the point. Doctor Davidson is one of the finest doctors in greater Winnipeg. I am sure he knows his stuff, to put it in everyday English. There is no sham about him. We must see that his findings are preserved and handed down, for Doctor Davidson is over seventy, and he is not as young as some of us who are around that age. I am sure the Prime Minister and particularly the Minister of Pensions and National Health will not allow this matter to be ignored very much longer.

Mr. McNEVIN: Would the Chairman permit me to ask a question which may be answered either by the hon. member for Portage la Prairie or the hon. member for St. Boniface? What assistance, if any, has been given by the government of Manitoba, through its department of health, in connection with this matter, which I recognize as all-important?

Mr. HOWDEN: If that question is put to me, so far as I know Doctor Davidson has had no assistance from the government of Manitoba.

Mr. LEADER: I might reply to the hon. member by saying that at one time the government of Manitoba did expect the dominion government to make a grant in order that the medical faculty of the university of Manitoba might undertake an investigation. That investigation was not to be a sham. It was to cost money, because they were going to summon witnesses. It was the intention to call people who had taken treatment from Doctor Davidson and had been helped or cured, and to call other patients who had not been helped. It was going to take some money, but they expected to get this grant and they were prepared to go on with the work. The premier of Manitoba, with that in mind, said that it would not be within their responsibility to make a grant until this investigation had taken place. But the investigation has not taken place. I want to say in the shortest possible way that I do not think any action is going to be taken. I hope I may be pleasantly surprised and find that I am wrong in that assumption. If this government fails and if the Manitoba government fails, they will have to answer to the people; I am sure of that.

Mrs. NIELSEN: Mr. Chairman, I am glad that certain members of this committee are ready to lead a discussion on the question of cancer cure. I can give my whole-hearted support to that. Our endeavour should be to see that the people of Canada are given the results of any investigation that can be carried on in this direction. What I intended to speak about this afternoon was in continuation of what I said a little while ago when this bill was under discussion and when I supported the general principle. I mentioned at that time that in my opinion it was a great pity that section 5 of the bill did not state definitely in one of its subsections that there would be in this new department a group of officials whose sole duty would be to care for the health and welfare of children. Of course the Prime Minister, who is sponsoring this bill, will say that under the general provisions of section 5 the health of children would automatically be cared for. I must insist that child welfare is a specialized subject and should be dealt with by specially qualified officials who would devote their time to that service alone.

I do not think any hon. member of this house will disagree with me when I say that in war time the nation's best and first care should and does go to the armed forces. Our slogan is everything for the fighting front and

for the men who fight, and rightly so. Can we ever forget that during the last war we lost around 60,000 of our men, who were killed in battle, in four years of war, but that during four years after the last war we lost no less than 70,000 of our children, who died before they were a year old.

Upon different occasions and at different times hon. members of this house have risen to urge that the natural resources of Canada shall not be wasted, that we should preserve them for the national good. If we continue to allow this criminal waste of young Canadian lives as we have in the past, I say we are not worthy of the good earth which we inhabit; we are not worthy of the sunlight or the fresh air or the rich stores of food with which this land is blessed. Canada will never be great among the nations of the world if we continue to neglect to give the greatest consideration possible to the care of our children, our greatest national resource in times of peace.

To-day the armed forces are given all that it is possible for us to give. We give them adequate food, proper rest and sleep, good fresh air and exercise, medical treatment when needed, and mental training. That is only right, because these armed forces are defending the honour of Canada among the nations of the world; they are fighting to preserve the freedom not only of ourselves but of all mankind. That is in war. In peace should we not recognize that it is to our children we should transfer our greatest care?—for they are the army of peace.

I have tried to gather together the most recent figures available from the Department of Pensions and National Health having to do with the care of women and children. Some of these figures fall far short of the point where they give confidence to the nation that the best is being done at the present time, although some of us are apt to make allowances because of the war situation. Here is what I found.

In these days, to more than 279,000 families in Canada, in a single year the birth of a baby is the most important event of the year. Out of that number of families, in more than 22,570 the death of the mother or the loss of the baby brings tragedy. In 1942 there were 7,127 stillbirths, 14,637 infant deaths under one year, and 806 mothers who died. Each year more than 800 mothers die from causes connected with childbirth, leaving more than 2,000 children motherless. Each year more than 7,000 babies are stillborn and more than 7,600 die in the first month of life. In addition an unknown number of women are injured in health, and children are handicapped in growth and development, because of conditions associated with maternity.

In Canada about 20,000 confinements take place annually without the services of a doctor. In some provinces one birth out of every six is unattended by a physician. Out of every thousand births—these figures are still for the year 1942, the most recent I could get—25 children are stillborn and 54 more die in the first year of life, while 3 mothers are lost. In 1942, 2,842 Canadian babies died from premature birth. It is quite logical to assume that simple incubators would have done much to save the lives of many of those babies. We lost 2,048 babies from pneumonia, 380 from influenza, 1,249 from diarrhoea and enteritis, and 964 from congenital debility. The loss of life from whooping cough was 559; from diphtheria, 256; scarlet fever, 128 and measles, 130. The figure for measles covers children of all ages. There is no doubt that with proper care and the use of preventive measures a great proportion of this stupendous and unnecessary loss need not have occurred.

I would say that the group of officials in this new department charged with the special care of children should see to it, first, that just as we do for soldiers in the army we should provide for children, irrespective of the rank or position of their parents, those certain essentials which are necessary to build strong and healthy citizens.

First, and this is important, we should see to it that when men and women are about to become parents they should be examined to see if there are any hereditary diseases. This department should carry on work in all parts of Canada to see that mothers receive adequate food and rest and medical attention during the period of pregnancy and at the time of birth. These services should be the same for rural areas as for urban areas by the provision of travelling clinics.

Where mothers are working there should be edequate time allowed from employment without the loss of the job. There should be pay allowance for some weeks before and after the birth of the child. We want our birth rate to go up. We want children who are born and raised on the soil of this country to grow up in the traditions which we cherish. We must not discourage working mothers from having children by penalizing them with the loss of their jobs. They should be permitted to carry on their work whatever it happens to be.

In a recent survey made in all plants in Canada where the united automobile workers' union is operating it was shown that 86 per cent of the women now working in war plants want to continue working after the war is

over, for one reason or another. Of the women who answered the questionnaire, 50 per cent were married, 45 per cent single and 5 per cent widows. Seventy-five per cent of all the wives of men in the armed services who answered this questionnaire wanted to continue at work. We must recognize the right of women to continue in the industrial field if they wish to do so. I see no reason why men should determine what women should do. Women should have the right as citizens to continue to work if they feel that they have reasons for doing so.

I believe that such a branch should set up and correlate with other sections of this department channels of social services whereby every child in Canada shall receive adequate supplies of milk, fruit and other food requirements as supplements wherever they are needed. That is not forcing anything upon anybody; it is merely giving them the opportunity to avail themselves of these things where they are necessary. This of course most usually would be done, I suppose, through pre-school creches and through the school lunch plan.

Again the branch could arrange for special clinics to deal with children's diseases, for we have seen that, contrary to popular belief, many infectious diseases of childhood are fatal. The education of mothers could be done through this branch, and certain aspects of child psychology and the care of special types of children could be dealt with adequately. Special open-air play and organized sports centres for little children could be organized; for quite often the little children do not have the opportunity for free play which they should have, because of the presence of older children on the playgrounds. All these and many other activities could rightly come within the purview of such a group of officials of this department or in correlation with other branches of this ministry.

We have had a slogan in war time: Everything for the fighting forces; everything for victory. Now that peace is coming I would like to have as the peace-time slogan of our nation, "Everything for our children and the coming generation." I am not overlooking for one moment the importance of the rehabilitation of our returned men and the responsibilities we have to them and to other sections of our society who may be in need of attention. But I do feel that the investment of public money is something which has to be most carefully considered. I ask the members of this house, as I did when I spoke previously: where is there any natural resource in Canada in connection with which every investment made by the nation would bring as great a return as would come from proper care of the nation's children? Who can estimate the loss to Canada of those young lives so needlessly lost in the years that have gone by. What fine minds, what ability, what character as a nation we have lost in these young ones who might have made not only to Canada but to the whole world a contribution of inestimable value. Can we afford to run the chance of losing a Mendelssohn, a Madam Cure, an Einstein or a Canadian Shakespeare? How do we know that amongst those who were not born alive, or who died before reaching the age of one year, we did not lose some immortal Canadian who might have given, not only to us but to the whole world, of the riches of their minds? Because of our lack of concern for the health of mothers and the preservation of the life of mothers and their children, much has escaped us that can never be recaptured. Do not let us lose any more! Let us see to it that we have for them everything that is possible.

I wish the government had included a provision for such a thing as I suggest right within section 5 of this bill. If the government had drawn up such a section, it certainly would have received unanimous assent from all sides of the house. Often when amendments are introduced by an opposition member or even by some member on the government side of the house, they are automatically voted down because they are regarded as indication of a lack of confidence in the government. To-day I do not want to speak as an opposition member. I do not even want to speak as the representative in this house of North Battleford. I just want to speak as a woman. There are only two women members in this great chamber. The question that I have raised is one that is dear to the heart of women all over this country. I believe that there is not a woman anywhere but would agree that her heart was bound up in the welfare of the children of this nation. I speak not only for myself but for the women of Canada. I say also that I would try to speak on behalf of those many little mouths which have been stopped by death through carelessness and lack of care in Canada, and which, had they the power to speak, might have spoken more eloquently than I ever could on this and many other matters of vital importance, and might have given the leadership to us that we so badly need.

I would remind you, Mr. Chairman, that this is not a political question. It is not even a question of asking for a further expenditure of money. Therefore, sir, with your permission

I wish to introduce an amendment, moved by myself and seconded by the hon. member for Cartier, as follows:

That section 5 be amended by adding the following as paragraph (j):

(j) the setting up of a branch of child welfare to deal specifically with all matters relating to the health and general welfare of children, some administrative officials of which branch shall be women.

I hope this amendment will have support from all sides of the house.

Mr. MACKENZIE (Vancouver Centre): Mr. Chairman, in view of the amendment I think I should speak on it first and then deal with the matter raised by the hon. member for Portage la Prairie.

May I say at once that I appreciate the contribution made by the hon. member for North Battleford to the discussion of the prenatal, natal and post-natal care of Canadian children. But if the hon. member will look at section 5 of the bill she will find in the first two or three lines that the duties, powers and functions of the minister "shall extend to and include all matters relating to the promotion or preservation of the health, social security and social welfare of the people of Canada over which the parliament of Canada has jurisdiction." My hon. friend will realize that there are many matters in relation to child welfare over which the parliament of Canada and the government of Canada have no jurisdiction.

One would infer from some of the remarks of my hon. friend, beautifully expressed as they were, and very sympathetically—and I agree with their general tenor—that there was no provision at the present time in the department of health in regard to child welfare. There is a separate division of child and maternal hygiene, and that division will be continued. It is one of the ablest divisions to-day in the department of health. My hon. friend will find at page 48 of the report on the work of the Department of Pensions and National Health a comprehensive description of the functions and duties and scope and responsibilities of that branch of the department. No finer official work has been accomplished in the health field of Canada in the last twenty years than the work of Doctor Couture, who is at the head of the department. His publication entitled "The Canadian Mother and Child" is famous all over Canada. We have issued a hundred thousand copies of that publication in English and in French. Every day of my life I receive from humble homes throughout Canada applications for that publication, and letters of thanks when it has been received.

[Mrs. Nielsen.]

Mr. GRAYDON: Everyone in the chamber will endorse that statement, I believe.

Mr. MACKENZIE (Vancouver Centre): I am grateful to my hon. friend for his remark. I want to remove this afternoon a twofold possibility of misapprehension. One is that the department of health is not paying attention to this important phase of child welfare, as far as child welfare comes within the competence of this parliament or of this government. Our hearts are all with the ideals expressed by the hon. member for North Battleford. Every hon. member wants conditions improved. I have been looking at the comparative figures relating to Australia and New Zealand, and we in Canada compare with them very well. We are far ahead of some other countries in regard to infant mortality and live births, and so long as we have men like Doctor Couture in charge, so long as we have a sympathetic government, and a kind-hearted parliament, as we have here, I have no doubt that Canada will go ahead from year to year in this most important field.

While I am on my feet I wish to say a word or two with regard to the very moving appeal of the hon. member for Portage la Prairie. He made one last year which had a deep impression upon me.

Mr. GRAYDON: May I ask the minister one question before he goes on? Regarding the amendment which has been moved by the hon. member for North Battleford, which consists in the addition of another subsection to the bill, "the setting up of a branch of child welfare to deal specifically with all matters relating to the health and general welfare of children, some administrative officials of which branch shall be women,"—the qualifying words at the beginning of section 5 would eliminate the minister's argument, I think, with respect to the question of jurisdiction. After all, the setting up of this particular branch as suggested by my hon. friend would involve only these special matters which actually come within the jurisdiction of the dominion parliament. The minister seems to indicate in his argument that the hon. member is asking parliament to legislate on some matter which is not within its competence. I do not think it could be so construed, because the first sentence or the first paragraph of section 5 precludes any possibility of the kind.

Mr. MACKENZIE (Vancouver Centre): I have only heard the amendment read; I have not had it before me in writing, but as I recall it, it refers to "all matters" relating to child welfare.

Mr. GRAYDON: Within the dominion jurisdiction.

Mr. MACKENZIE (Vancouver Centre): If it means that, we have that organization now, and that organization will be continued specifically as a branch of the new department of national health and welfare, as we have it now in the Department of Pensions and National Health. The amendment is therefore either unconstitutional or unnecessary—whichever my hon. friend chooses it to be.

Mr. MACKENZIE KING: I should like to raise a point of order for a moment. It may help to clear up this matter. My understanding of section 5:

> The duties, powers and functions of the minister shall extend to and include all matters relating to the promotion or preservation of the health, social security and social welfare of the people of Canada. . . .

—is that it is quite broad enough to include everything which would relate to child welfare over which this parliament has jurisdiction. If the amendment which my hon. friend has moved is something additional to what is there implied, for example, the creation of another branch, for which provision could not be made under this section as it is worded, such an amendment would involve an expenditure of public money and would be out of order. It is not within the competence of a private member to bring forward an amendment or a motion which involves an expenditure of public money. It is well I think to draw this to the attention of the committee at once. I do not raise the point for the purpose of trying to preclude discussion on the importance of the federal government interesting itself as fully as it may with matters pertaining to child welfare. It has been repeated over and over again from different sides of the house, that we should not in this federal parliament seek to invade the jurisdiction of the provinces; and it is well known that many, if not, indeed, all of the provinces regard child welfare as coming specifically within their jurisdiction.

I do not wish to raise any question of jurisdiction, but what I would say is this. The creation of this department of national health and welfare, contemplating as it does very close association with the provinces, will help to remove many difficulties which now arise out of jurisdiction. On these questions of child welfare, it is to be expected that what, in the end, will best serve the interests of the provinces and the dominion, alike, will be furthered by having a federal department which can keep in touch generally with all of these matters, and the duty of which will be to help coordinate them with the provinces, and in that way avoid overlapping as well as ensure that there will be no omissions of essential services.

I would ask the Chairman to rule on the question as to whether this amendment is in order. I contend that it is not, if it contemplates additional expenditure other than is intended to be met under this particular measure.

Mrs. NIELSEN: I would say first to the Minister of Pensions and National Health that I had no intention whatever of leaving the inference that I was not aware of such provisions as are already being made with regard to child welfare under the department which now exists. The last time I spoke on this matter I mentioned the book for mothers and children and recommended it very highly. But I feel that unless we definitely and specifically state that a certain group of officials within this department shall have the sole assignment of these matters relating to child welfare, it may be that in the general scheme we shall not have just what I would envisage. On the other hand I do not wish to have any group of officials in this department overriding the rights of the provinces; that of course would be wrong. But we find a great deal of inequality among the provinces, and I would hope that such a group of officials in this department could do something to equalize the chances for mothers and children in the various provinces.

I will quote a few figures to prove that inequalities exist. In 1942 the number of infant deaths per thousand live births, by provinces, was:

British Columbia	35
Alberta	38
Ontario	40
Saskatchewan	43
Prince Edward Island	50
Manitoba	51
Nova Scotia	58
Quebec	70
New Brunswick	77

In some of the smaller and poorer provinces the opportunity or the likelihood of a child getting good care is not as great as in other provinces; and I believe that some correlation on the part of officials could do something to eliminate that condition.

The Minister of Pensions and National Health has said that so far as our infant mortality rate is concerned we do not stand badly in comparison with other countries. Let me again quote figures to show how we do stand in that regard. In 1942 the number of deaths per thousand live births was 54, which is a record for Canada. I will say this, that ever since 1926 the mortality rate has progressively decreased, yet the number of

deaths per thousand live births was 54, as compared with these figures in other countries: United States 40·4; New Zealand 28·7; England and Wales, 49. So that the Canadian death rate is considerably higher than that of these other countries. We still have need to continue and to do more than we are doing for the preservation of the lives of our children.

I did not envisage by this amendment the expenditure of any further moneys. The purpose of the amendment is merely that within the provision made for this department of health we should have certain officials whose efforts should be directed specifically to questions of maternal and child welfare, that they should carry on under the department, using only such sums out of the general funds of the department as might be allocated to them. They should be specifically given that work and their job should be to correlate their efforts with those of the provincial health department in an endeavour to bring about a general betterment of conditions and to establish greater equality of opportunity in the preservation of life in the various provinces.

Mr. GRAYDON: I fancy that the object of the hon. member for North Battleford will be met by treating this not as a means of interfering with dominion and provincial jurisdiction—because I would be the last to suggest that anything of the sort should be done, for I think there has been too little consultation and cooperation between the dominion and the provinces in this matter of health and welfare to begin with. If that is the objection that the government has, and if it feels that it is not covered by the beginning of the section, I suggest that if the government has in mind accepting the intention of the amendment it might readily be accepted in this form, "that there be set up a branch of child welfare to deal specifically with all matters relating to health and general welfare of children within the jurisdiction of the dominion, some administrative officials of which branch should be women." There cannot be any suggestion that there is an increase of expenditure so far as this amendment is concerned. All the hon. member does is to emphasize by the amendment the necessity for special attention being given to child welfare within the purview of and under the roof erected by this department itself, because she says "some administrative officials of which branch shall be women." May I ask the minister whether there are at the present time administrative officials of this particular branch who are women? I can readily understand that the Prime Minister and the Minister of Pensions and National Health, neither of whom is even married, might concede that the question might properly be brought before the house by the hon. member for North Battleford, who is a mother.

Mr. HOWDEN: Does not the hon. member think that these matters will be largely taken care of if and when we adopt the national health legislation?

Mr. GRAYDON: When are we going to adopt the national health legislation?

The CHAIRMAN: Before I give my ruling, a question was asked the Minister of Pensions and National Health by the leader of the opposition, and perhaps he will answer it now.

Mr. MACKENZIE (Vancouver Centre): I believe there are, though I have not the details at the moment. However, there is no objection in the world to having women there. It is fitting that they should be there, though it need not necessarily be put on the statute book.

Mr. KNOWLES: Speaking to the point of order, the Prime Minister suggested that the amendment proposed by the member for North Battleford would involve additional expenditure. It seems to me that under the terms—

Mr. MACKENZIE KING: I beg the hon. member's pardon; I did not say it would involve additional expenditure. I said I thought the purpose of the amendment was already covered by what was provided for in the bill, but if it was intended to go beyond that, it would involve additional expenditure. If the amendment meant the creation of another department not contemplated by the bill, it could not for that reason be moved by a private member.

Mr. KNOWLES: Well, the apprehension that it might involve additional expenditure was the basis on which the Prime Minister raised the point of order, suggesting that it was not within the competence of the hon. member to move the amendment.

Mr. MACKENZIE KING: My point was that if the hon. member thought it was necessary to create an additional branch of government, she was proposing something that in her mind was not already covered by the bill and something, therefore, that would require additional expenditure. As such she could not make an amendment of the kind proposed, because it would involve additional expenditure, and would have to receive the approval of the governor general before the house could consider it. That is merely following the rules of the house. My real point.

however, is that provision for all the member has asked for is already made in this bill. In fact, at the present time, as has been shown —the hon. member said she had not known it—there is in the Department of Pensions and National Health a branch dealing with child welfare, and this bill takes over all the functions that are in the present department.

Mr. KNOWLES: It strikes me that the Prime Minister is confusing two arguments. I was trying to deal with one at a time.

Mr. CLAXTON: He is putting them in the alternative.

Mr. KNOWLES: He is using two arguments. Either there is already such a department, or, if the hon. member thinks there is not, this motion would involve in her mind an additional expense. The point I wish to make is that if (j) were added as proposed by the amendment it would only give authority to set up such a department, and that authority would still depend upon a grant of money enabling the minister to carry it out. It seems to me that what we have here is similar to what we have in a good many motions, namely, an abstract statement of something that might be done, provided that the money is voted on another occasion. If the money were not voted for this or for the items under (b) in connection with investigation into research, that work could not be carried out. The amendment on the basis suggested by the Prime Minister does not contravene the rules of the house.

The CHAIRMAN: On the point of order, it has been stated by the Minister of Pensions and National Health and the Prime Minister that section 5 covers entirely what is intended in the amendment submitted by the hon. member for North Battleford. On that score alone the amendment should be nullified. If, on the other hand, it would mean some increase of expenditure, then the amendment on that ground would be out of order. I would refer the committee to standing order 60, Beauchesne, second edition, page 164, citation 551:

> It is a fundamental principle that no resolution or amendment to increase a charge upon the people can be moved with the Speaker in the chair; it must be initiated in committee by a minister on behalf of the crown.

In my opinion the amendment would involve additional expenditure, and moreover, as the Prime Minister has stated, all that is asked for in the proposed amendment is already covered in section 5. For these reasons I rule the amendment out of order.

Mr. NEILL: I would like to go back to the subject which was introduced at the beginning of the debate by the hon. member for Portage la Prairie, supported by the hon. member for St. Boniface. Perhaps this hour will go down in history as one of the most momentous in the life, not of this session only but of this parliament, altogether transcending in importance even the question of the war. For while the war is a terrible disaster, involving a terrible loss of life, it does not go on for ever, whereas this dread disease will continue for ever unless a cure is found for it, and it will take an ever-increasing toll. I think the house owes a great debt to the hon. member for Portage la Prairie and the hon. member for St. Boniface for having introduced the subject. The hon. member for Portage la Prairie spoke with the intensity of a man who was himself a victim; yet I realize just what it cost the hon. member for St. Boniface to take a stand opposite to that of many of his colleagues in the house.

I think it cannot be denied that this man Davidson has, what they call in the vernacular, got something. Take these two hon. members of parliament. I have known them for many years. They have established a reputation for their probity and intelligence. Are we to suggest that they are crooks or humbugs, that they do not know what they are talking about? One of them is a medical man who has enjoyed a long career, and the record of the hon. member for Portage la Prairie, who went to, I suppose, the highest authorities in the world, the Mayo Brothers, is well known. It is common usage for some doctors to say that when So-and-so says he was cured by this treatment or that, he did not have cancer; it was just a mistake in diagnosis, he only thought that he had it, or something of the kind. But when men and women, as recorded by the hon. member on a previous occasion, have gone to and been certified by men like the Mayo Brothers to be definitely suffering from incurable and inoperable cancer, then surely we must agree that the resulting recovery was due to something more than idle chance.

Doctor Davidson has spent a long time in that city and is well known. He built up a practice for himself and engaged in the ordinary practice of healing people. He spent his own time and money in developing what perhaps came to him originally by chance in the line of cancer research. Are we to suggest that this man is a crook? If so, then he ought to be exposed. If his methods are good and his statements are true, or even if there is the shadow of a possibility of his being able to

produce a remedy, certainly he ought to be surrounded with every comfort and men to learn at his feet. Far better to do that than keep him curing children of mumps in order to make a living.

Why say that we cannot afford to spend a little of the taxpayers' money on this? Look back into history. I do not want to attack the medical men. That would be very foolish when I am trying to get their support in this matter. It is a notorious fact—I do not know why it is so—that history tells us medical men are, in the dictionary sense, not in the political sense, extremely conservative. It has to be demonstrated beyond the shadow of a doubt, not in hundreds of cases but in thousands of cases, before they will admit the possibility of any startling discovery. That was true of the man who discovered anaesthetics, and the man who discovered the use of vaccine in smallpox, and later on, Pasteur. They were not exactly prosecuted, but they were sneered at. It was said that they were cranks, and it was impossible that it should be so. I read just the other day a story to the effect that in Boston a number of years ago they proposed to prosecute a man because he had been advocating the selling of shares in a ridiculous company which proposed to operate what is now known as the telephone. An editorial in one of the papers said how ridiculous it was to think of such a device, that such a device could not possibly succeed; and even if sound could be sent over a wire, of what practical use would it be? There is a man who was not crucified, but he was prosecuted because he had a little greater vision than perhaps other people.

Davidson was sent a questionnaire, a real official questionnaire, the same as you get when you apply for a passport. They want to know what your wife's father-in-law mother's name was, and so on, bearing strictly upon whether you can get a passport to go to the United States or not. When you have it all filled out and get it certified by a notary public they write to the notary public and say: "Jones said that you signed that paper. Are you a notary public, and did you sign it?" That happened to me. Doctor Davidson got the questionnaire and I suppose—I did not see it but I got the gist of it—they went thoroughly into the situation. Perhaps they asked him: "When did you first begin the investigation of this particular case, or of that particular case? Was it on a Tuesday or a Monday?" The doctor, being a busy man and having to make his own living, and being near the end of his life, replied possibly more curtly than he need to have done. To some particular questions he answered: "I did not keep the data. I did not presume twenty years ago or ten years ago that I would be subjected to this investigation, and I did not keep the data; but I do know that such-and-such results have ensued." The answer then was, "We do not feel we are justified in recommending that public money be spent." That was the recommendation, and yet we are squandering it by the millions every hour in the prosecution of destruction.

This afternoon someone passed a remark—I did not get the exact wording of it—at the expense of the hon. member for Portage la Prairie. The committee smiled—smiled in this day and generation at this tragedy. There should be no doubt as to whether we need to investigate this thing. If Doctor Davidson has anything at all, let us pursue it to the utmost. This man is going to die. He is an old man, and he is going to carry his knowledge and information to the grave with him. Then we shall look at each other and wonder why. Somebody will blame somebody else, and ask, why did we not do something? I know it will be said: What have I to do with it? What do I know about it? He is only an ignorant layman anyway. I am not dealing with medical matters as a medical man. I am dealing with them as a layman. If we do not continue this discussion, someone else will get up, as did the hon. member for North Battleford, and introduce another subject, and that will be the end of the presentation made by the hon. member for Portage la Prairie; but if we talk long enough the government will say, of course, that a private member cannot introduce any proposal looking to the expenditure of public money. If that is to be the case, the opportunity will be gone and we never know when it may be recovered.

Parliament is going to adjourn shortly, and perhaps a parliament of new men will come back. Some of the present hon. members may not be here. In the meantime this man will die. It is said that God helps those who help themselves. I have a suggestion to offer to this committee. If the government in their narrow-minded fashion will not hold this investigation, how about our doing it? There are 245 members here. If we each put up $50 that would be enough to keep the thing running for a year. Some of us could not afford to put up the $50, but others could easily put up more. I suggest that we take it on ourselves. I should be glad to put up $50 in cooperation with other hon. members in order to help this thing out in the meantime. We will not stand on the order of our going but we will start something, and we will do it. I am sure the press would endorse it. If the

members of the government saw that we were willing to attempt it, perhaps they would take an interest in it and investigate it.

This is something much bigger than just a petty amendment to a bill. It is a question that means the lives of millions of people in the future. To what better use could we and the government put our money than that of having this matter investigated? If this man is found to be a crook, I will not begrudge the money; it will be well spent in finding out the facts. I am not suggesting that he is a crook. The people who made the recommendation against him did not suggest anything of the kind; they simply say he is not proceeding along the old standard lines. They say he did not answer the questions in the exact way they were drawn up, and therefore they do not recommend the spending of public money. I suggest that we have the courage of our convictions, and if the government will not do anything, let us do it ourselves. It would be a fine gesture, and we should be giving a lead to the house and the country in doing something which would be more justified than a lot of the measures we have been debating this session.

Mr. McILRAITH: I desire to make reference to paragraph (e) of section 5. In order that there may be greater clarity I think I ought to read the section as it now stands in the bill. Section 5 reads:

> The duties, powers and functions of the minister shall extend to and include all matters relating to the promotion or preservation of the health, social security and social welfare of the people of Canada over which the parliament of Canada has jurisdiction, and, without restricting the generality of the foregoing, particularly the following matters:
>
> (e) the supervision of federal public buildings and offices with a view to conserving and promoting the health of the civil servants and other government employees therein.

If the subject matter dealt with in paragraph (e) had not been set out particularly, the point I desire to make would have been covered adequately by the general provisions of the early part of the section, but since it has been particularly mentioned I feel that I should make some reference to it. This is a very narrow way of expressing the problem that we hope will be dealt with. It would seem to limit the minister's jurisdiction to the actual buildings in which public employees work and would appear to exclude such matters as recreation, nutrition and so on. I am sure most of us hope that the matter of the recreation of our citizens will be taken up much more extensively in the post-war era than has been the case heretofore. Already the employees of the dominion government in Ottawa have a recreational association of their own which is doing splendid work in this respect. The programme envisaged and undertaken by this association promises to be most helpful, and I think has been advanced sufficiently to indicate its beneficial nature. Certainly it is an important part of the social welfare of the people of Canada. It is my hope that, as we go on, the government, and particularly this new department and its minister, will take active steps to advance that work with respect to government employees. I do not desire to elaborate on that subject at the moment, but I wish to emphasize its importance.

There are other, similar subjects to be dealt with, such as nutrition. In future years I hope the government will extend its activities in those fields of public health and nutrition. Nevertheless the clause as it now stands expresses the authority of the minister in very narrow terms. If there is no legal objection—and I see none according to the rules of the house—and no objection on the part of the government I would suggest that the words "the supervision of federal public buildings and offices with a view to conserving and promoting" be struck out and these words substituted: "the conservation and promotion of", and that the word "therein" at the end of the subsection be deleted. It would then read: "the conservation and promotion of the health of the civil servants and other government employees." I think that would more adequately describe what is intended to be covered by this subsection and we would be left in the position that it could not be argued at some future time that the jurisdiction of the minister was limited to the narrow question of the supervision of public buildings.

Mr. MACKENZIE KING: As my hon. friend no doubt has observed, the clause to which he has just referred is in the existing act as subsection (e) of part 2. As has been stated several times, that act was passed some twenty or more years ago. I think the hon. member has rightly drawn attention to the circumstance that as it now stands the section is narrow and restricted and doubtless would be improved if the words he has suggested were substituted for those now appearing. I am quite agreeable to asking my colleague the Minister of Pensions and National Health to move as an amendment what my hon. friend has suggested; to substitute for the words "the supervision of federal public buildings and offices with a view to conserving and promoting" the words, "the conservation and promotion of" and to strike out the word "therein" at the end of the subsection. Then

subsection (e) would read: "the conservation and promotion of the health of the civil servants and other government employees."

Mr. MACKENZIE (Vancouver Centre): I move accordingly.

Mr. HAZEN: I do not wish to oppose this amendment, but at present the section covers "the supervision of federal public buildings and offices" for certain purposes. Perhaps this is not the correct place to bring up this matter, but I must say I was surprised the other day, when I went into the east block, to discover that it had no adequate modern fire prevention appliances, particularly no sprinkler system. It seems to me that if we are going to supervise or promote the health of civil servants we should also look after their lives. It may be said that this is properly a matter for the Department of Public Works, but I suggest to the minister that he consider the advisability of installing a sprinkler system in each block, because in my opinion conditions are not satisfactory as far as fire hazards are concerned.

Mr. BOUCHER: I would not want to oppose the extension of power suggested in the amendment, but it seems to me that the amendment lacks something in reference to the supervision of public buildings by the ministry of health. In my humble opinion this government has no cause to be proud of the situation in regard to ventilation, fire protection and general health conditions in the public buildings of the city of Ottawa.

Mr. GRAYDON: Even in this chamber.

Mr. BOUCHER: Such buildings as the Langevin block, the east block and many of the temporary buildings, with their poor ventilation, would not do credit to any employer, let alone the dominion government. As a matter of fact, conditions even in this house, during these warm days, do not contribute to the comfort, well-being or even the mental equilibrium of hon. members. I believe the amendment suggested by the hon. member for Ottawa West is exceptionally good, but it should include some part of the original subsection, to cover the supervision of public buildings in regard to matters of public health. Right now, with this hot weather, we hear many complaints in regard to ventilation from civil servants who are working under conditions of congestion. I have had some particular cases brought to my attention, one of which I might mention. An employee of the government entered the service in 1938 with a first-class health certificate, but when he attempted to join the army in 1942 he was discovered to have a lung condition which was diagnosed as tuberculosis. He went to the hospital in Ottawa, where I believe he still is, where it was discovered that he had contracted his tuberculosis by contact while in the government employ. After a considerable time he was able to get a pension. On investigating the case I found that the conditions under which he was working were, to say the least, such as would make the contraction of tuberculosis quite possible. In other words, the ventilation was quite bad.

We hear complaints nearly every day from civil servants working in the temporary buildings, particularly those along the north side of Wellington street. For security reasons it is necessary that the windows be locked at night, and when the staff come to work in the morning they find their rooms have been closed without being properly ventilated. The result is that the rooms are overheated. This new department should have the special responsibility of supervising the working conditions of government employees. The government should be a model employer, and should provide healthy working conditions rather than the haphazard system we have at the present time.

I suggest that the amendment is a good one, but it should carry with it some special direction as to the supervision of public buildings and offices for health purposes.

Mr. REID: Do not overlook the ventilation in some of the rooms in this building.

Mr. BOUCHER: I felt that I should discuss you and me last, rather than first.

Mr. KNOWLES: I think we all agree that the amendment moved by the hon. member for Ottawa West is a good one, particularly since it shifts the emphasis in the language of this section. As the section was worded, it would seem to put public buildings before the health of the people. With the rewording of the clause we have the health of a certain group of people brought out in the forefront. My reason for rising is to suggest that what is now proposed in this amended section for civil servants and other government employees ought to be provided for other groups of people, indeed for the people of Canada as a whole.

Mr. MACKENZIE (Vancouver Centre): If my hon. friend will look at the commencement of section 5 he will see that that is provided for.

Mr. KNOWLES: I have studied the beginning and all of section 5 a number of times, and I have also reread the speech which I heard the Prime Minister deliver when this

bill was last before the house on June 27, in which he tried to answer the arguments that had been made that there was not much that was new in the bill. The Prime Minister gave the story of the opening up of the Department of Labour many years ago and he told us of what had come from that small beginning. He tried to suggest that here, too, we had a small beginning which might grow into something great later on. I think it is becoming quite clear as we continue to discuss this bill that there is nothing new in it, that it is simply an administrative shuffle.

The CHAIRMAN: We are discussing an amendment dealing with paragraph (e) of section 5, and the amendment should first be dealt with before we go on to a general discussion of the section.

Mr. KNOWLES: I bow to your ruling, although I think that what I have to say is relevant. I shall make my remarks at a later stage of the debate.

Mr. BRYCE: I want to take this opportunity of bringing to the attention of the minister some letters and recommendations I have received from my constituency.

The CHAIRMAN: I must tell the hon. member for Selkirk that we are dealing with an amendment to paragraph (e) of section 5 and we should dispose of that first.

Mr. NEILL: Mr. Chairman, I would like to support the view expressed by the hon. member to my left in connection with the fire hazards that exist in the east block. I was over there some fifteen years ago and I had occasion to go up to either the second or the third floor. Someone took the trouble to show me the conditions that existed and they were—I cannot use the appropriate word because you would rule me out of order. Along the middle of this corridor immediately under the flooring was a big wooden box about four feet wide and, I suppose, about eighteen inches deep. It was wood, not tin. This ran along the whole length of the corridor and this was the means by which the building was heated. I said to the clerk who showed me this, "You will have the place burning down." He said, "That is what we expect because this comes right from the ground floor and the draft that would be created would be enormous." It had been there for fifty years and you can imagine how quickly it would go up. I was young and innocent politically at the time and I took it up with the proper department.

Mr. GRAYDON: That would be quite a little while ago.

Mr. NEILL: It was; I have learned a lot since then. I was told that it was not feasible to change it, that it would cost many hundreds of thousands of dollars to fix the upper storey and it was not worth while, that it would be better to let it burn down and build a new building. I said, "What about the men and girls who are in there?" Perhaps there was a certain amount of logic in the answer I was given, because they said that the people were never there at night, that if a fire should break out in the daytime it would not make much progress before they would have an opportunity to get out. It was not as though they were sleeping there at nights or living there. I am not sure that the west block is much better. The condition of these buildings must have been known to some department for some length of time, but the answer I got was that it would be cheaper to let this one burn down.

Mr. MACKENZIE KING: I ought, I think, to thank hon. gentlemen opposite for their solicitude for the lives of members of government, because it is in the east block that we assemble day after day, and in particular for myself as my offices are located there. I do agree with what has been said about the condition of the east block. That building is greatly overcrowded. As to the atmosphere or quality of the air in some of the buildings that have been referred to, if hon. members could have shared with my colleagues and myself the humidity of the council chamber one day last week when there were sixteen or eighteen of us in that small space they would realize the necessity for some improvement.

I should perhaps mention that the government had anticipated the need with respect to the departments at present housed in the east block before the beginning of the war, and plans were made for the erection of another building which would house the Department of External Affairs, the Prime Minister's office and the privy council. Those plans are in existence now. They would have been proceeded with but for the fact that the war rendered impossible proceeding with the construction of that particular building. It may not be adding anything essential to the discussion to mention these things. I did so because I believe there is a real necessity for a close examination of existing conditions in practically all public buildings. Things have become worse than ever under war conditions. As soon as the war is over I hope that some of these situations may be immediately relieved.

Mr. BOUCHER: Does the Prime Minister not think the reference to buildings in the

section which is being amended by the amendment suggested by the hon. member for Ottawa West should be retained?

Mr. MACKENZIE KING: I think the words of the amendment, "conservation and promotion of the health" and so on are so broad that it would cover the supervision of public buildings. Supervision rather suggests something to be done by the Department of Public Works. I agree with the hon. member who has proposed the amendment that the emphasis ought to be more on health conditions.

Amendment agreed to.

Mr. BRYCE: I wish to bring something to the attention of the minister as a result of representations that I have had from my riding. They all emphasize the value of preventive medicine. We have heard a lot about cancer to-day. Some members of the medical profession have asserted that eighty per cent of cancer is curable if treated in the early stages, and I would ask that the minister give this his consideration. People in the riding of Selkirk are very much concerned about it. The state of health in Manitoba is not very good. We have one person in that province dying every ten hours of cancer and one person dying every twenty-four hours of tuberculosis.

I want to support what the hon. member for Portage la Prairie and the hon. member for St. Boniface have said regarding Doctor Davidson. I have living in my constituency a lady for whom all hope was given up. Then she took treatment from Doctor Davidson and she is living to-day, after three years. So that again I appeal to the minister to do what he can in the field of preventive medicine. The hon. member for St. Boniface spoke of trying everything, like a drowning man clutching at a straw. I feel very strongly on the subject of cancer. We have many people in Manitoba who when they cannot do their day's work and suspect that something is wrong go to see a doctor, and the first thing he tells them is, "If you had only come earlier I could have done something for you. I cannot do anything now." Preventive medicine will help cure that situation and I earnestly appeal to the minister to lay emphasis upon it.

Mr. KNOWLES: I was starting to say a few minutes ago, when we were dealing with the amendment which has just been passed, that I believe clause 5 of the bill should have had something new written into it so far as powers are concerned. As the bill stands, while the idea of shuffling the departments around and bringing related matters under one ministry is a good one, really that is all we are doing in this bill, namely, providing an administrative reshuffling. Already during the debate to-day a number of new services have been proposed, and one amendment has been ruled out of order, but they suggest some of the powers and functions and duties which I think should have been provided for under clause 5. May I name some that I have jotted down?

First of all there is the subject which my colleague the hon. member for Selkirk has just mentioned, preventive medicine; second, powers in connection with the training of medical personnel; third, powers to coordinate our medical services and see to it that they are properly distributed throughout the country according to the needs of our people, particularly those in the outlying areas. Then, too, I think there should be included in this clause powers with respect to the building of additional hospital facilities. I believe also powers with respect to the subjects mentioned by the hon. member for North Battleford should be included here in more positive terms, namely, powers to deal with child and maternity care.

I would add that in this day and generation it seems to me that some real initiative should be taken in the matter of nutrition. We have heard a good deal said to-day about the possibilities of the nutritional treatment of cancer. It is also well known that there are tremendous possibilities of improving the general health of the whole community by research in the field of nutrition with a view to improving the diet of our people. We know as a matter of fact that under the most trying circumstances during the period of intense attacks upon Great Britain the health of her people has been maintained, and this enabled them to stand the strain of the war, largely because of the work which the British government has done in the field of nutrition. It seems to me that in the post-war period we ought in the name of health to be taking the initiative in this field.

My whole point is that if this bill is to be more than just an administrative reshuffling, we should have something new added along the lines that I have proposed.

Mr. MACKENZIE (Vancouver Centre): If my hon. friend will examine the introductory part of clause 5 and then examine paragraph (a) he will find that every single thing he mentioned is already covered by the bill. Take, for instance, preventive medicine. That is now a function of the department and it will be retained in the Department of National Health and Welfare. The training of medical personnel is not altogether within the jurisdiction of the federal parliament, as my

hon. friend knows. The coordination of medical services and their distribution is definitely a provincial responsibility, but is being carried out in war time through the federal government by means of the medical assignment board. Ordinarily it must be done in time of peace in cooperation with the provincial authorities.

The provision of additional hospital facilities relates itself, of course, to any national scheme of health insurance.

Child and maternal care is amply taken care of now in the department.

In regard to nutrition, there is a special branch of the department, nutritional services, which has been carrying on excellent work, particularly in the last year or two, throughout the dominion. It has received the commendation of every single province.

Every one of the services mentioned by my hon. friend that comes within the jurisdiction of the federal authorities and of this new department is provided for in clause 5 as now drafted.

Mr. KNOWLES: Why not set them out in the bill?

Mr. CLAXTON: For this reason among others, that it is far better draftsmanship and far more comprehensive to set out the purposes in general words rather than in specific words because, when you start to enumerate things, you are almost bound to leave out something or else set out a class of things which will be found to be inadequate with the progress of medical science and with the development of cooperation between the dominion and the provinces. For that reason enumeration is always dangerous. General words are far more sweeping unless you have an elaborate enumeration.

Mr. GILLIS: I am afraid that I have to agree with the hon. member for Winnipeg North Centre. I had thought that this bill was going to mean something new, but as I see it now it is merely transferring everything of a civilian nature in the Department of Pensions and National Health to this department and assigning veterans' affairs exclusively to another department. I agree absolutely with the purpose for which the department is being formed, but we are not going to make much progress if all that is involved is a reallocation of functions between different departments.

The parliamentary assistant to the Prime Minister is right to a certain extent in saying that it is sometimes dangerous to try to be too specific in legislation, but on the other hand if all our legislation were couched in general terms you could not pin anyone down to anything and as a result you would get nothing done. It is a very odd way of shifting responsibility. In this field of social security generally we are setting up a lot of departments, and unless we are specific about some things there will be a tendency on the part of one department to shift to another things which should be their own responsibility. I thought the hon. member for North Battleford made a very strong case this afternoon for the setting up of a branch in this department and holding it absolutely responsible for the better care of our children in all its phases. This is a matter about which we should be specific. While we have a department—we realize that—and this new machinery is taking over its functions, let it not be forgotten that the minister's department has been in existence for the last twenty years, and the figures cited by the hon. member would lead anyone to believe that the job which has been done is far from satisfactory.

In the next place, I believe that we have fallen down in the field of research in preventive medicine. Although the minister's department has included for some considerable time a branch of research into industrial diseases and so forth, its operations are largely confined to the laboratory. Its work has not got through to the people. As I visualize the new department, unless the discoveries which have been made in the laboratories are made available to the people we shall have accomplished nothing more than a mere reshuffling of machinery.

The matter raised by the hon. member for Portage la Prairie a year ago in this house, and again this afternoon, is of great concern all over the world. I thought he made a very strong case. He is a living example of the absolute necessity for an investigation, and I say, an investigation by the dominion government. We are merely shelving our responsibility by throwing it into the lap of the medical profession. The medical profession have something to sell, and so long as the rules of the game are as they are, it is their prerogative to sell it; but it is the responsibility of the government, particularly the health department, to make available to the people anything which will alleviate misery and distress. That is their function. If Doctor Davidson of Winnipeg has something of value to the people of Canada, it is the responsibility of the health department to investigate that without any reference to medical societies throughout Canada. There are competent medical men within the department who should examine it and report direct to the minister.

Mr. MACKENZIE (Vancouver Centre): They have not the authority.

Mr. GILLIS: Somebody should cut that red tape once and for all in a matter of this kind. It is making the department look rather ridiculous. The matter has been raised in this chamber time after time; hundreds of people are suffering, and this discovery may afford them relief. I could not understand the position if I were outside the house, and I believe that ninety per cent of the people cannot understand it.

Mr. McGEER: Why have we not the authority?

Mr. GILLIS: That is what I cannot understand.

Mr. McGEER: Surely we have the authority to do that.

Mr. GILLIS: In the matter of silicosis, which is quite a prevalent disease, jurisdiction has been had by the department for many years to examine into methods of treatment. I am not quarrelling with them on that matter at this time; I know that during this process of fighting the war many things must be left in abeyance for the time being.

Mr. LEADER: May I interrupt to say that there ought to be an authority which can try that thing out and pronounce whether it is any good or no good.

Mr. GILLIS: I am absolutely in accord with that. It should be the responsibility of this department; the authority should be theirs, and if something stands in the way it should be removed. There is no doubt about that, and there is no trouble about passing an order in council.

Mr. CASTLEDEN: Put it in the bill.

Mr. GILLIS: Yes, or put it in the bill. I mentioned some time ago the possibility of making available a serum which would give great relief to thousands of people, particularly ex-servicemen across Canada. It is known as A.C.S., and according to the reports we have received it is working miracles in Russia. I understand that there is some available in the United States for experimental purposes. I wrote the minister the other day about it. I am not going to press the question, but I am doing what I can to find out about the availability of supply.

There is no use in developing medical science unless its discoveries are made available to the people. The purpose is to relieve misery and suffering. If we are going to develop a lot of things to relieve pain and then lock them up in a laboratory somewhere or sell them at a price which is beyond the means of the average individual, we shall not have accomplished much.

Further, to segregate problems of a general nature from those which relate to the veterans of the last war and this war, without the intention of expanding under the new department our work in the field of national health, will not be of much value. If the minister is handicapped by certain limitations from pushing his work for the health of the Canadian people as it should be pushed, he should let us know, make appropriate proposals in this house, and have the house grant him the necessary authority before the present session closes. As the hon. member for Comox-Alberni has pointed out, a number of hon. members who are here to-day and have discussed these matters for the past four years will not sit in the next parliament, and it will take the new house perhaps four years to understand exactly what the problems are. Now is the time to do these things. I do not believe anyone in this house is in disagreement with any other member on matters of public health. Everyone is prepared to support the government to any extent they want to go with respect to making medical science available to the people of Canada.

Mr. MACKENZIE (Vancouver Centre): My hon. friend raised two questions in his remarks. He referred to a certain serum which was discussed in this house some time ago. I think I informed him at the time that we had taken every possible course in regard to having some supplies available for Canada, and we were informed at that time through the usual channels that there was none available. Since then I have had an opportunity of discussing the matter with the minister to Canada of the Union of the Soviet Socialist Republics. We are getting in touch directly now with regard to what can be done, and what can be done will be done.

As regards the question which came up last year and was again raised this afternoon by the hon. member for Portage la Prairie, concerning Doctor Davidson, the inference has been left by certain speakers to-day that the Department of Pensions and National Health took no action with reference to his request. No one in the house knows better than the hon. member who introduced this matter that the department has done everything that could humanly have been done. I believe that he saw all the correspondence in our department with reference to it. Immediately the matter was raised it was brought by us to the medical research committee; that is, the associate

medical committee of the national research council. The chairman of that committee is one of the best-known surgeons and medical men in Canada—Doctor Best, who was associated with Doctor Banting in the discovery of insulin; and members of that committee—I am not speaking as a medical man; I am only a layman—are some of the most brilliant scientists in Canada to-day. Before his death Sir Frederick Banting went thoroughly into this whole question and, I believe, discussed it with Doctor Davidson personally. In any event his opinion was that this was not a proper scientific formula.

An hon. MEMBER: Will the minister tell me whether this treatment has been tried out by any person other than Doctor Davidson?

Mr. MACKENZIE (Vancouver Centre): I did not say so at all. I do not think my hon. friend understood what I was saying. Then the associate medical committee of the national research council, as was said this afternoon, sent out a questionnaire. Their finding was that the formula was not scientific. Whether that is correct or not I am not competent to say. The opinion of medical men in the house varies in regard to the most important questions, but there should not be and there is not any difference of opinion with respect to the desirability—

Mr. NEILL: What did the minister say about the formula?

Mr. MACKENZIE (Vancouver Centre): It was not a scientific formula.

Mr. NEILL: So the people can go on dying.

Mr. MACKENZIE (Vancouver Centre): That is an unfair remark. I am not opposed to anything that can be done towards finding a formula for the cure of cancer, and I believe that everyone in this house is of the same mind in that regard. The question came up again; I endeavoured to obtain an investigation in the province of Manitoba, through the university of Manitoba, and they were approached by the department. I took the matter up and was told by the Department of Justice that we had no authority to investigate such questions since they were entirely within the provincial sphere. I have the written documents in my files to that effect. When, therefore, it is said that nothing has been done by the Department of Pensions and National Health, I assert that I did everything that was within our constitutional power. Take the province of Ontario. For years they have been carrying on cancer research, and any province in Canada can properly, within the ambit of the constitution, carry on cancer research; but the dominion authority cannot, except by cooperation or invitation, step into the provincial field either in the matter of cancer or in the matter of any other malady, and carry out an investigation on its own.

Mr. GRAYDON: Is the minister sure that he is right in that regard?

Mr. MACKENZIE (Vancouver Centre): Except in certain specific matters, health is essentially a provincial concern under the British North America Act.

Mr. CASTLEDEN: That is the act which prevents the dominion authority from carrying out investigations.

Mr. MACKENZIE (Vancouver Centre): In the province.

Mr. CASTLEDEN: What would prevent the dominion from doing something through our own national research council in Ottawa?

Mr. MACKENZIE (Vancouver Centre): It was done by the national research council in Ottawa, and, according to the evidence I have from them—as my hon. friend knows, it comes under another department, the Department of Trade and Commerce—they investigated the matter and rejected it. Whether their finding was right or not it is not within my competence to say, but that is the situation. If hon. gentlemen wish to pursue the matter further, the only course would be to have the British North America Act amended so as to give us the power to go into the province for research work such as this.

Mr. GRAYDON: May I make a suggestion? Every layman in the house finds himself somewhat confused about this matter because we know so little about it. We are all agreed that if there is something in this treatment, if it is good, it should be made available to the general public, because cancer is a disease that concerns the Canadian people of all mature ages. There is one way, however, by which the matter can be dealt with without any of the difficulties which the minister mentions with respect to the constitution. There is Deer Lodge hospital, Winnipeg; there is Christie Street hospital, Toronto, and there are many other military hospitals in the country. Cancer is not confined to civilians. It is a disease that has afflicted many of those who have been discharged from or are at present connected with the armed forces. If my understanding is correct, one of the things which those who support Doctor Davidson's treatment desire is that he shall be given an opportunity, in some hospital ward, to have

his experiments carried out in a practical manner. I suggest to the minister, so far as constitutionality is concerned, that he would have the power as Minister of Pensions and National Health to have this done in any of the military hospitals in Canada. I do not know whether this is practical, and I have hesitated all along to pose as in any degree an expert in this matter, because I know there are none of us laymen who are experts. I have heard some laymen in debates like this speak as though they were experts, but for myself, I do not pose as one. At the same time, I should like to make sure that nothing is being overlooked because of the point of view of the constitution, for I do not think red tape should be allowed to stand in the way of further experimentation toward the end of helping humanity.

Mr. LEADER: My name having been mentioned, I should like to make a few remarks with reference to what the leader of the opposition has just said about Deer Lodge hospital. I have had some correspondence with the department with reference to a particular case in which Deer Lodge plays a part. This man, through injuries received in the last war, developed cancer, and he is now getting treatment for it in that hospital. The treatment, he thinks, is doing him no good whatever and he is taking treatment from Doctor Davidson, but the department refuses to continue his pension, I believe, certainly not to pay medical expenses if he goes to Doctor Davidson. It is not because it is Doctor Davidson; I am aware of that. It is simply a matter of red tape, which insists that these men shall have the attention of a doctor selected by the department.

Mr. MACKENZIE (Vancouver Centre): Who said that—the doctors of the department?

Mr. LEADER: Said what?

Mr. MACKENZIE (Vancouver Centre): That he could not consult Doctor Davidson.

Mr. LEADER: It was not the doctors of the department. I do not know whether the minister is aware of this case, but certainly the man was refused treatment. I will not say that it was the department that said it; perhaps it was said at Deer Lodge hospital. At any rate, that is the situation. There is red tape that must be cut and a new arrangement must be made before we can get definite results. The minister mentioned my name and said that I knew what the government had done. There is truth in that, because I have kept myself posted on the progress that has been made in the investigation of Doctor Davidson's work. What the minister says is true. His department has tried to do something, but, as he has himself said, they are powerless on account of the British North America Act. Well, this parliament is supreme; if it is not, we are a nonentity. This is the last court of appeal in the dominion and, if authority is required to change the British North America Act, I am sure Great Britain would be very glad to accede to our request. I am not afraid that if a vote were taken in this house to-day every member would vote that we should find some means of getting around the British North America Act so that the dominion might be enabled to make a grant to the provinces to carry on this work.

Mr. NOSEWORTHY: I had hoped, when this bill was first introduced setting up a separate department of government whose responsibility would be the national health and welfare of the people, that it would mark the beginning of a new day in Canada so far as the health of the nation was concerned. As I have listened to the debate this afternoon, and observed the readiness of the minister of pensions and the Prime Minister to give way to constitutional and other difficulties and to allow them to prevent progress, as has been evidenced in this debate, I am inclined to agree with the hon. member for Winnipeg North Centre that this bill means nothing more than the reshuffling of departmental machinery and that the hope of those who had believed that this would mark a new beginning in matters of health is likely to be disappointed.

Certainly two things are needed if this new department is to be effective. In the first place the government must be prepared to ask parliament, and parliament must be prepared to vote more money for this Department of Health than has been either asked for or voted in the past. The health of this country has suffered because we have been more ready to spend money on almost any material object than on human welfare. In the matter of research we have been ready to spend money on industrial research, on the improvement of machinery, on the improvement of our live stock in the field of agriculture. We have been ready to spend money on research into anything except human welfare.

In the second place I suggest that the minister and his associates who head this department accept the general principle that the health of Canada is a matter of concern to the Canadian parliament, regardless of the British North America Act or any other act. When the provincial governments, whose authority it is to safeguard the health of the Canadian people, have not been doing it, and there have

been statistics presented to this committee this afternoon to show that they have not been doing it, then it is time that some steps were taken whereby the federal government can not only provide more money but more leadership—leaders who will recognize the importance of national health and find ways and means of cooperating with the provinces to give that leadership where it is required and to provide the necessary funds to augment those that the provinces are themselves able to provide in order to improve the health of the Canadian people.

Unless this new department is set up with the objective, that from now on the federal government is to maintain a greater interest, and play a greater part in improving the health of the Canadian people than has been done in the past, then we are just wasting our time in discussing this bill.

With regard to the matter brought up by the hon. member for Portage la Prairie, I am rather disappointed that the federal government, having had this matter in their hands for twelve months, have been unable to find any way in which they could provide the means for testing the merit of this experiment. I am not impressed by the fact that this matter was sent to the national research council's medical branch and rejected. I am not unmindful of the fact that when Pasteur first gave his discovery to the world the greatest medical scientists and members of the medical and scientific profession of that day scoffed at him, and that he had to fight his way up alone in opposition to the best medical science of that day in order to establish his claim. I am satisfied that if Doctor Banting had made his discovery as a practising doctor in the backwoods somewhere, that discovery would not yet have been recognized by the medical profession of this country. It was fortunate for Canada and the world that the man who made that discovery was employed by one of our provincial universities and had some official recognition before that discovery was made. I think the members of the medical profession will agree that it is extremely difficult for any member of that profession who is not a recognized specialist, who does not hold some official position in a university or in a medical association, to get recognition for any discovery that he believes he has made.

It seems to me that this government has solved many more difficult problems than the finding of some means whereby funds could be made available to prove whether this experiment is sound, whether it has anything to offer humanity. The point is that afflicted people all across this country are anxious to be assured that no possibility has been overlooked in finding a remedy for this disease, cancer.

I am sure that the committee will approve any measure the government may take to lend assistance in this field. During my short stay in the house I have been surprised at the number of occasions on which the government has persisted in disregarding what was the obvious desire of the members of the house. I have witnessed a number of such instances where matters before the house seemed to have the obvious approval of all private members; yet the government has refused to budge an inch, no matter how the members appealed to the government. I believe we are bringing democracy into disrepute. If we are to allow trivial obstacles, red tape, if you wish to call it that, to retard progress; if we are to have a government continuing to disregard the obvious desire of the majority of the members of the house, there is no surer way of bringing democracy into disrepute than by following that procedure. I would ask the minister to reconsider this matter. I cannot believe that the minister cannot find any way or means of making funds available for an experiment to be carried out at some of the hospitals, either under the direction of his department or with the cooperation of the provinces, in order to find out for all time whether this experiment has in it anything worth while or anything of any merit. In pursuing this object has the minister investigated the possibility of cooperating in this field with the health officers of Manitoba, or are we to understand that the federal government has no authority under the British North America Act to vote money for research into a matter of public health? Apparently the statement just made by the Minister of Pensions and National Health would indicate that under the British North America Act the federal government has no authority to vote money for research into such matters. I believe that the government has authority to vote money for research in the industrial field, and if it has not authority to vote money for this other purpose, then steps should be taken at once to secure for this government the right to make grants of money for research into matters of public health.

Mr. CLAXTON: The minister did not say we had not power.

Mr. MACKENZIE KING: The hon. member for York South has brought my name into this discussion on matters of jurisdiction. I made no reference at all this afternoon to the matter of cancer, which was under discussion, and I want to make it perfectly clear

that when the hon. member says I have been seeking in any way to prevent the greatest possible research into that or any other disease he is not correctly stating the situation. I believe he will agree with that.

Mr. NOSEWORTHY: I apologize, Mr. Chairman, for bringing the Prime Minister's name into it.

Mr. MACKENZIE KING: I thank my hon. friend. I should be very sorry indeed to have this discussion conclude without placing myself very clearly on record as to where I stand on this matter of health. I have not introduced this bill in order that nothing or as little as possible may be done in the way of improving the well-being of the people of this country. The purpose of this bill, and the reason why I as Prime Minister have taken it under my own ægis, is to make it apparent that the government is very much in earnest about going just as far as we possibly can in the matter of helping to improve the health and welfare of the people of Canada. But I ask hon. members to look at the beginning of the debate and see the line that was taken against the government on the motion for second reading, if indeed not before that. The whole line of attack on this measure on the part of some hon. gentlemen opposite. was that we were seeking to invade the jurisdiction of the provinces, that we were seeking to centralize everything in the federal government. Let us be honest and see what are the effects of arguments of the kind. Hon. gentlemen know that at the present time election campaigns are being carried on in three provinces in this country. We know that each of these provinces is going to assert its rights as against any authority which would seek to invade them. Already in each province this argument is heard: "They are endeavouring at Ottawa to centralize everything there." I have had to be particularly careful in presenting this measure to make it perfectly clear, in order that the measure itself may not be prejudiced, that we are not seeking to centralize matters in Ottawa, nor are we seeking to invade the jurisdiction of the provinces. I have made it very clear, I think, that the only way real progress can be made in matters of research and the like, where there is a debatable jurisdiction as between the provinces and the dominion, is to have a department of health at Ottawa that will be in a position to associate closely with it representatives of the different provinces, to go into these questions and between them work out some method of coordinating the different services being rendered by the provinces and the dominion, in such a manner as will prevent overlapping and at the same time guard against anything in the nature of omission of necessary services. That is one of the reasons why I am most anxious to see this particular department established.

I have been in parliament for a good many years. When I came here first I was not unlike a good many other hon. members who have come into this house for the first time; I inveighed very strongly against any question of jurisdiction being permitted to interfere with anything we wished to do. But the longer I have been in this House of Commons the more clearly I have seen how very careful we have to be if, because of disregard for matters of jurisdiction, we do not want to make the last state of the condition we are striving to improve worse than the first. These matters can be met effectively only in a right and proper way. I recall very well what I am sure is in the minds of a good many hon. gentlemen opposite at this moment; how the leader of one of the parties opposite introduced in this parliament a lot of social legislation and, in the words of one hon. member who spoke this afternoon, said, "The great majority of hon. members are in favour of this. so why should we not do as we wish?" That legislation was introduced and placed upon the statute books, but what happened? The matter was appealed to the supreme court, which held the whole body of legislation ultra vires. I ask my hon. friends whether that was helping social order in the country, or whether it was the sort of thing that was calculated to provoke social unrest. For that reason, if for no other, I feel that it is part of the duty of a government to anticipate all possible consequences of the kind.

So far as this measure goes I would feel that in the matter of research into various diseases, this bill affords the government an opportunity to go just as far as our jurisdiction will permit. I am not at all sure that our jurisdiction will not permit us to go much farther than some people have thought, but at this moment I am not going to say that we have jurisdiction to do a particular thing and that we are going to do it, and to-morrow have the press of the country come out and say, "The federal government has undertaken to invade the jurisdiction of the provinces in the matter of health; behold, this is only the thin edge of the wedge. They are doing it now in regard to public health and welfare; next they will do it in regard to something else, and then something else." That is why the measure has been carefully drawn to make clear that as far as we have jurisdiction we can do anything in the way of research to prevent disease

and help improve public welfare, but that there is no intention to go beyond our jurisdiction. The bill says:

> The duties, powers and functions of the minister shall extend to and include all matters—

Not some matters, but all.

> —relating to the promotion or preservation of the health, social security and social welfare of the people of Canada over which the parliament of Canada has jurisdiction. . . .

That section is intended to give this new department the widest possible scope in matters of research and the prevention of disease, the only limitation being the degree of jurisdiction. I draw particular attention to this point, to which attention has not been drawn thus far. This clause, which has been taken from the existing legislation on national health, contains reference to two matters not included in the present act. It adds social security and social welfare. The existing act only extends to "all matters relating to the promotion or preservation of the health." This legislation includes matters relating to social security and social welfare. Under social security, as I pointed out the other day, will come the administration of family allowances; and under family allowances will necessarily come matters pertaining to child welfare and the like. It is therefore perfectly clear that under this legislation we should have the fullest possible authority to go into these questions affecting the well-being of children, families and the like. Then, to carry the matter a step farther, the section continues:

> . . . and, without restricting the generality of the foregoing, particularly the following matters;—

I shall skip the first paragraph and go on to the second:

> (b) investigation and research into public health and welfare.

I would regard the question of cancer as something immediately pertaining to public health and welfare; and under this section as it is now worded, unless some obstacle is discovered by those whose duty it is to interpret the statutes, I can see nothing that precludes this federal government from investigating that particular disease if it decides to do so. I happen to have in my folder here something I obtained from a newspaper only yesterday. I was surprised to see it in another connection, but it bore so directly on what was in my own thoughts that I put it aside in case it might prove to be an appropriate quotation to use to-day. Reference has been made to Louis Pasteur. I think I hold as great regard as any one in this house for the work of Pasteur. I believe humanity has had no greater benefactor than Pasteur. I therefore quote these words, which are his own:

> Take interest, I implore you in those sacred dwellings which one designates by the expressive term: Laboratories. Demand that they be multiplied, that they be adorned. These are the temples of the future—temples of well-being and of happiness. There it is that humanity grows greater, stronger, better.

I hope that one of the effects of this measure will be that we shall realize in this country, as we have not realized heretofore, the importance of laboratories and the work that is carried on in laboratories. I want to see the work of research extended, and I believe it will be extended and expanded very fully under this particular measure.

Do not let anyone say that the government is seeking to evade doing anything that should be done. If jurisdiction permits it, I think this question of cancer ought to be investigated by a federal department or authority. If jurisdiction does not permit, then I shall be prepared to join with those who will work to obtain an amendment to the measure which will give us the necessary jurisdiction. I think we ought to have it. That is my position.

I am not at this moment, however, going to embarrass the enactment of this measure by committing myself to any specific matter which will give ground to those who are interested in defeating the measure by permitting them to say that we are invading provincial jurisdiction and are trying to centralize everything in Ottawa. That I hope will make clear, not only my position but the position of the government and the position of the Liberal party.

My hon. friend says that the majority in this house are always in favour of this or that, and that the government is continually opposing what the majority wants. May I tell him that he belongs to a minority. He mistakes it for a majority. The majority are on this side of the house. Where has the government opposed what the majority has wished? We have not opposed any measure that the majority wished to have. If we had, we would not be here. We are as anxious as anyone else in this house to further all the measures for social welfare and human well-being we possibly can within the time that is at our disposal so to do.

I regard this measure as one of the foremost measures to permit the doing of those things which are necessary for improving the health of the people.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. NEILL: The right hon. the Prime Minister, speaking before six o'clock and answering an hon. member on this side of the house, said that there was a certain subsection of this section which was sufficiently wide in its terms to cover all research and consequently it might cover research into cancer. But I could not help noticing that he qualified his statement by a reference to jurisdictional conditions. The minister of pensions, speaking shortly before, said the very opposite. An hon. member was speaking and the minister challenged him to name the authority under which the federal government could act in a matter arising within a province in connection with medical research, and he quoted the justice department as having given a definite decision to that effect, founded on the British North America Act, in a particular case that had arisen in one of the provinces.

There is not much trouble in getting somebody to cooperate with you if the other party is solely obligated to making the expenditure and you are willing to put up a part of it. You will generally find that most individuals and municipal governments and provincial governments will not mind cooperating with you if you offer to pay part of the obligation which is wholly theirs. That is the situation in this case. If the minister wants a precedent I refer him back seventeen years ago when the old age pension question was before the house and we got a definite ruling from the justice department in writing, just as the minister has now, that the dominion government could do nothing about old age pensions because, according to the British North America Act, it was solely under the jurisdiction of the provinces. That held the thing back for one or more years. The same situation is here exactly. We know that in spite of that judicial ruling seventeen years ago millions of dollars have been spent since by the dominion government in cooperation with the provinces for old age pensions. It shows that where there is a will there is a way. While ostensibly there is this constitutional difficulty, it could be got around. If we offered to pay part of the cost or put an item in the estimates for research, the provinces would not kick about it.

I will approach the matter from another angle. The minister asked where you could get authority to justify it. I submit that the authority is in the will of the people of Canada. If the minister put an item in the estimates for this purpose, nobody in this house would object to it, and certainly the provinces would not either. The amount could then be used for research into cancer in general or into Doctor Davidson's treatment in particular. There is a maxim or postulate in constitutional law—perhaps it is only a tradition—that the people under a democratic form of government always get what they want if they want it badly enough or if enough of them want it, and if this question went to a plebiscite there is no question what the public would want. They would not stand on a matter of form or be deterred by any red tape. They would say: "Do something about it." If an item were put in the estimates there is no question that it would go through, and it could be used to help any research into cancer or, if found advisable, to aid in Doctor Davidson's research.

I am reminded of an anecdote, and the minister of pensions will be able to tell the Prime Minister what collops are. It is a favourite Scotch dish. The Duchess of Atholl wanted to hire a maid and so she went, as housewives do, to a friend of hers who had employed a particular woman and inquired about her. The other lady, who was also Scottish, said that the woman was an awfully decent lassie, a fine girl, a decent lassie. She kept repeating how decent the girl was. Decent has a different meaning in Scotland from elsewhere because there it applies not only to morals but to the general background of a person. It means a reputable person, a person you would like to have dealings with in your home. Well, this lady kept repeating that the woman was a decent lassie, perhaps because the maid was none too expert in the culinary art and she did not want to hurt her too much. Finally the duchess lost patience and said: "Damn her decency. Can she make good collops?"

We have been told this afternoon that the board turned down the application of Doctor Davidson because he did not submit "scientific" formulae. Let us drive a worthy spear through red tape and medical tradition by saying: Damn the formulae. Can this man cure cancer? That is the point. If he can or thinks he can, let us have an investigation.

I want to say that the hon. member for Portage la Prairie has made a very gallant effort in a worthy cause, and I am extremely sorry that the matter has been postponed for at least a year. But we can all agree that the hon. member has done his best in a very deserving cause.

Mr. GERSHAW: I spoke on the question of cancer a few days ago and do not wish to repeat. The medical profession in Canada is

most anxious to find any cure it can possibly get for cancer. No one is resisting anything in the way of improvement in treatment of cancer. A few years ago in Alberta a great many people were going to a certain place where they thought they could get a cure for cancer. The provincial government finally sent men from the university in the north to that place in the south to investigate the whole layout. They did so and decided against it. The people then were satisfied that no benefit could be received and they stopped going there. We do not want to raise false hopes in the breasts of people who are in a hopeless condition with cancer, and that is why I feel that some organization should investigate this question thoroughly and bring in a finding in this particular case for the satisfaction of the public.

Mr. GRAYDON: There has not been any reflection on the medical profession by anybody, has there?

Mr. GERSHAW: Probably not, except that it was mentioned that they had something to sell. The minister has been very sympathetic. He has taken the matter up with the medical board of the research council, and apparently they have decided against it. I spoke to the minister and he was kind enough to refer the matter to the Rockefeller institute. In the state of New York there is a heavily endowed institute with many specialists and experts who have been making investigations along these lines for years. I am glad that the minister got in touch with them in regard to this particular case. It seems to me that the evidence produced here should be referred to men in Manitoba on the ground who are capable of investigating and possibly after that something further could be done. But that seems to be the immediate step.

I wish to emphasize that cancer is curable by well standardized methods if it is caught in its early stages. Cancer of the lip, of the face, of the breast, of the cervix—places which are accessible to X-ray or radium or surgery—can be cured, and a great deal is being done in Canada by cancer associations from the Atlantic to the Pacific. Pamphlets are published, articles printed in the magazines, and people urged on all sides to get advice if any little sore does not heal, because according to present knowledge the hope of complete cure is very good, almost perfect, under those circumstances. I want to praise and pay tribute to those people throughout the country who are devoting time and money to spreading news of the curability of cancer and urging people to take precautions while there is yet time. I again appeal to the minister, in view of the new evidence which has been given, to take further action along lines which will bring results and satisfy the public. We do not want people to be going without help when help can be obtained; we want help to be given in a big way.

Mr. MACKENZIE KING: One point should be made perfectly clear. From the discussion here to-day it may be assumed throughout the country that, because of decisions given as to jurisdiction, the dominion government is preventing Doctor Davidson from making certain investigations which might be made at the instance of government authority. What I cannot understand is this: Doctor Davidson having the reputation which he has, hon. members from Manitoba believing in him as they do, why the province of Manitoba itself does not undertake the work of research in relation to cancer and retain Doctor Davidson for the purpose. It should be made perfectly clear that the province of Manitoba, if it wishes to do so, can undertake all this work of research so far as Doctor Davidson is concerned. In Ontario the provincial government has undertaken similar kinds of research.

To show at least the sympathy which the federal government has had with research in a case where success has been proven, I recall very well that, when Doctor Banting had found a cure for diabetes with insulin, I myself had placed in the estimates and headed a discussion in this house to have Doctor Banting given a life endowment of $7,000 a year, and it was so voted by this house. That surely is an indication of the sympathy which the federal parliament has with the work of research where it has reason to believe that matters have proceeded sufficiently far to justify making a special grant and special endowment. If the province of Manitoba were to have Doctor Davidson undertake to make a research into cancer at the instance of the province, and he were as successful in his subject as Doctor Banting was in his, I for one would be prepared to ask this house to adopt toward him by way of endowment the same course which it adopted toward Doctor Banting.

Section agreed to.

Sections 6 to 14 inclusive agreed to.

On section 15—Coming into force.

Mr. NEILL: Would the minister indicate, even approximately, when this may be expected to be brought into effect?

Mr. MACKENZIE KING: I should think, very soon. The desire is to have the department established at an early day.

Mr. GRAYDON: Will it be proclaimed before the dominion-provincial conference which will deal with these matters as well as others?

Mr. MACKENZIE KING: I cannot say at what particular date the conference will be held, but I hope to see this department established very shortly after the adjournment of this parliament.

Mr. GRAYDON: Is it the intention of the government to provide in the case of a department such as this a parliamentary assistant, or just a minister alone?

Mr. MACKENZIE KING: That will have to receive consideration.

Section agreed to.

Bill reported, read the third time and passed.

SALARIES ACT

AMENDMENT TO PROVIDE FOR SALARIES OF MINISTERS OF VETERANS' AFFAIRS AND RECONSTRUCTION

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the house go into committee to consider the following resolution:

That it is expedient to amend the Salaries Act to provide that the salaries of the Minister of Veterans' Affairs and of the Minister of Reconstruction shall be ten thousand dollars, respectively.

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

Mr. GRAYDON: This raises a point which ought to be cleared up. When the bill providing for a department of reconstruction was before the house the explanation given by the right hon. gentleman was that the minister in charge of this portfolio would not be a new minister, but one who had already a portfolio and a special position in the cabinet, and that this portfolio now to be created would be a sort of roving portfolio for the purpose of correlating the reconstruction work of the various departments of government. That being the case, I fancy there arises at once in the minds of hon. members the question why there should be a salary attached to the department of reconstruction, unless one man who is to receive the appointment is to be paid two salaries, and I know of course the government has not that in mind.

While I am on my feet with respect to this matter I would ask the government, as I have done before, whether consideration has been given to the question of combining under one minister some of the other, lighter departments of government, so that there will not be more members of the cabinet than there are now. This will add two more salaried ministers to the cabinet, and I think there is a general feeling that in some of the lighter portfolios there might be a doubling up so that this would not be required. I should like the Prime Minister to enlighten the committee on those two points.

Mr. MACKENZIE KING: If it were possible to foresee all the circumstances it would be quite easy to give my hon. friend a concrete and definite reply. In a word the position is this. As he has stated, it is the intention of the government that the minister who will be appointed minister of reconstruction will at the outset be one of the ministers of the crown who already is a minister of another department. How long that situation will continue I am unable to say. It would depend among other things on the duration of the war. There are, for example, two departments related immediately to the war, the departments of war services and munitions and supply. Each of these will cease to have important functions to perform once the war is over. They will gradually be eliminated and in that way two existing departments will disappear. If the minister who happened to hold either of these portfolios were the one appointed as minister of reconstruction it would be necessary to provide a salary for the portfolio of minister of reconstruction because, as soon as he ceased to be the minister of the department that had been eliminated, there would no longer be a salary for him to receive. I cite those two but, in doing so, I do not mean to imply that it will necessarily be the minister of either of those departments who will be appointed minister of reconstruction.

Mr. GRAYDON: Neither would be barred though?

Mr. MACKENZIE KING: It might be either, or both, or neither—I should not say both.

Mr. HANSON (York-Sunbury): It could not be both. That is taking in too much territory.

Mr. MACKENZIE KING: That is the explanation. The government has no desire to have a larger number of ministers than necessary, and where the public interest will be served by having departments combined the government will follow that aim.

Mr. HANSON (York-Sunbury): The situation is that there will be no new additions to the cabinet. The minister of reconstruction is to be one or other, but not both, as the Prime Minister indicated, holding a portfolio in a department that now exists. As regards the minister of veterans' affairs, is that to be a new portfolio, or is the present minister of pensions to be transferred to that department?

Mr. GRAYDON: That is an embarrassing question.

Mr. MACKENZIE KING: It is a matter of good behaviour.

Mr. HANSON (York-Sunbury): The minister of reconstruction is not to have a large staff? I rather gather from the Prime Minister that they are patterning this portfolio after that held by Lord Woolton in the old country.

Mr. MACKENZIE KING: At the beginning.

Mr. HANSON (York-Sunbury): I suggest that the cabinet is already too large and ought to be reduced. We have more cabinet ministers in Canada to-day than ever before in the history of the country.

Mr. MACKENZIE KING: I do not think so.

Mr. HANSON (York-Sunbury): I should like to see fewer cabinet ministers and better ministers and have them paid better.

Mr. MACKENZIE KING: That is what we should all like.

Mr. HANSON (York-Sunbury): The Prime Minister did not do me the honour of being in the house on Wednesday last when I brought up the question of indemnities of private members. I will not rehash anything I said then except to say that I deplore the treatment which the public of Canada has given to its public servants in the way of meagre salaries. In my view we have too many cabinet ministers and those that we have we do not pay enough. I am not suggesting that the Prime Minister should raise their salaries now, but this country ought to look forward to the day when it will pay its Prime Minister and the working members of the cabinet decent salaries commensurate with the ability necessary to fill the position and with the labour involved in filling the position full-time, especially having regard to the very heavy weight of taxation which now rests upon us. It is not creditable to this country that a cabinet minister should have very little more than $500 a month to live on after paying income tax, and if he happens to have some private means I suggest that possibly, like private members, he finds his entire public remuneration wiped out in taxation. I am not speaking for myself, because there is nothing I would loathe more than to be a cabinet minister at my time of life. I have no ambitions and therefore I am speaking for posterity, if that is the right word. I think we ought to do something about the matter. We ought also to do something about judges' salaries. Perhaps this is out of order, but I make this observation, that in the smaller provinces we ought to have fewer and better judges and pay them better. As regards the larger provinces, I doubt whether you could get first-class men to accept positions on the bench at the remuneration now paid. That is in line with the observations I made in respect of cabinet ministers.

I am not suggesting that the Prime Minister should do anything now, but the whole position should be reviewed. I spoke strongly on Wednesday afternoon urging that the discussion which took place in the house over the plight of private members be reviewed. I did not suggest to the Minister of Finance that there should be in any degree an increase in indemnity, but I did suggest that some relief not only might but should be given. I quite appreciate the force of one statement he made in reply, that it would not do to give tax relief to members of the House of Commons at this time when there are frozen salaries in other walks of life and other people are suffering equally from the high burden of taxation. That argument is an impressive one and carries great weight in my mind. But we should do something for the members of a new parliament, and I doubt if the members of a new parliament, I doubt if the government in power at the beginning of a new parliament, would not feel embarrassed in raising salaries or indemnities immediately after an election. The time to do that is now, to take effect at a future date. I offer these observations to the Prime Minister in the utmost good faith and in the interest of those who will come after us and not of ourselves.

Mr. KNOWLES: For the sake of information and in the interests of equality among our hon. friends in the cabinet, may I inquire whether the car allowance is automatic or whether it requires another resolution? It does not appear in the estimates.

Mr. STIRLING: Certainly it does.

Mr. KNOWLES: I have just checked the book and it appears with "S" in the left-hand corner.

Mr. GRAYDON: It is statutory.

Mr. MACKENZIE KING: I cannot say offhand, but my impression is the car allowance is automatic. It is in the estimates for ministers of the crown.

Mr. KNOWLES: I point out to the Prime Minister that I am looking at page 9 of this year's estimates. The first item reads:

Minister of Finance—salary and motor car allowance.

In the left-hand column there is a capital "S" in brackets, which stands for "statutory". In other words we never discuss it. The amount is $12,000. The resolution now before us calls for a salary of only $10,000. I would not want any of these men to have anything less than any of the other men.

Mr. MACKENZIE KING: If it is not automatic my hon. friend may count on a supplementary estimate being submitted to meet what he has in mind.

Mr. HANSON (York-Sunbury): I think the explanation is that the salary of $10,000 is statutory and that the $2,000 is voted. The way the estimates are made up may be a little deceptive.

Mr. KNOWLES: Perhaps the Prime Minister would check it up before the extra $2,000 is brought in?

Mr. MACKENZIE KING: I shall look into the matter, and if what is being provided now for salary and what is provided in some general estimate for car allowances do not put all ministers on an equality in that respect I shall endeavour to see that they are put into a like position by a supplementary estimate.

Mr. GRAYDON: May I suggest to the Prime Minister that I think there is some point to the matter raised by the hon. member for Winnipeg North Centre, but this is only the resolution stage. The bill will come later, and the Prime Minister will have an opportunity of including that if it is necessary. If it is not necessary, then it does not have to be put in.

Resolution reported, read the second time and concurred in. Mr. Mackenzie King thereupon moved for leave to introduce bill No. 160, to amend the Salaries Act.

Motion agreed to and bill read the first time.

[Mr. Stirling.]

TAX CONVENTION ACT, 1944

CANADA-UNITED STATES OF AMERICA—RATIFICATION OF CONVENTION SIGNED AT OTTAWA, JUNE 8, 1944

Hon. C. G. GIBSON (Minister of National Revenue) moved the second reading of Bill No. 159, respecting a certain tax convention between Canada and the United States of America.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Golding in the chair.

On section 1—Short title.

Mr. HANSON (York-Sunbury): I desire to ask the minister some questions not so much with respect to the provisions of the bill itself as to the convention which is attached to and forms part of the bill, but perhaps not in this order. The short title is not important. The second section approves the convention and I wish to discuss for a few moments some of the articles of the convention.

Mr. GIBSON: We shall come to these articles one by one.

Mr. HANSON (York-Sunbury): If we approve section 2 we approve the convention. Perhaps we might leave that to the last and take up section 3. Will that be all right?

Mr. GIBSON: We can do that.

Section agreed to.

Section 2 stands.

On section 3—Inconsistent legislation.

Mr. HANSON (York-Sunbury): Section 3 provides:

In the event of any inconsistency between the provisions of this act or of the said convention and the operation of any other law, and in particular the law relating to the taxation of the succession to property, the provisions of this act and the convention shall, to the extent of such inconsistency, prevail.

If we turn to article VII of the convention, which is found on page 6 of the bill, we find the following:

1. With a view to the prevention of fiscal evasion each of the contracting states undertakes to furnish to the other contracting state, as provided in the succeeding articles of this convention, the information which its competent authorities have at their disposal or are in a position to obtain under its revenue laws in so far as such information may be of use to the authorities of the other contracting state in the assessment of the taxes to which this convention relates.

I suggest that in view of that article and section 3 of the bill the principle of secrecy which now surrounds income tax returns of

Canadian citizens is thrown entirely into the discard, and the principle is being violated on public authority.

Mr. GIBSON: That same section is in the income tax convention too.

Mr. HANSON (York-Sunbury): I know it is. It was put in a while ago. I protested then as I protest now. The provision of secrecy which we have had in the income tax act ever since the first act was passed in 1917 remains inviolate so far as the Canadian public is concerned. I do not know what the provision of the United States statute is, but they certainly have not the same degree of secrecy with respect to income tax returns in the United States as we have here, because from time to time we see in flaming headlines the salaries and incomes of so-called important people in the United States published, I think, to satisfy the curiosity of the public more than anything else. I object to the dissemination of information by the government of this country to a foreign government, because I know that you cannot have secrecy. If the principle is good—and I know there are some people in this house who have approached consideration of this subject matter with the theory that the secrecy provisions of our law should no longer be operative—it should be respected. I have always objected to that theory.

I think that what is my private business is not the business of any of my fellow-citizens. I have always appreciated that there was secrecy so far as Canada is concerned in respect of income tax and that sort of thing, save and except, of course, the fact that a certain number of trusted officials have to know what the income returns show. But I strenuously object to the invasion of that principle by international arrangement. We deny that principle to the Canadian public; we give it to a foreign government. That is a bad thing. I suppose the minister will answer by saying that the intention is to guard against the evasion of taxes; that would appear to be the object of the article in question. Nevertheless I do not think this is a good principle to introduce into a treaty with a foreign sovereign state, and I wish to register my objection to the invasion of a principle which I consider should be held inviolate.

Mr. GIBSON: Most of the information that would be required by the United States would be in connection with their own taxpayers. They would not be interested in the Canadian assets of a Canadian citizen.

Mr. HANSON (York-Sunbury): Then I suggest that the convention should contain that limitation. The government of a country, such as the United States or Canada, should and of necessity must have this information with respect to its own nationals, but they are not limited to that, and to the extent that it does not contain this limitation the treaty is defective. I object to it, and I do not think the convention should go as far as it does. If it were limited to this country giving the United States government information about United States nationals, and conversely to the United States giving this government information with respect to Canadian nationals, there could not be so much objection. Perhaps that might be a salutary thing to have in a convention, but this is far wider than that.

Mr. GIBSON: Yes, it is wider.

Mr. HANSON (York-Sunbury): This will leave the door wide open, and if that was the intention of the convention it should have said so in express terms. It does not say anything of the sort.

Mr. GIBSON: No; it says:

> . . . in so far as such information may be of use to the authorities of the other contracting state. . . .

Mr. HANSON (York-Sunbury): Well, who is to judge—the authorities of the other contracting state?

Mr. GIBSON: Yes.

Mr. HANSON (York-Sunbury): That is my principal objection to this convention. While I am dealing with the convention, perhaps the minister could tell me something with respect to article III, which provides:

> Shares in a corporation organized in or under the laws of the United States of America, of any of the states or territories of the United States of America, or of the District of Columbia, shall be deemed to be property situated within the United States of America.

That is to say, no matter what may be the situs of the shares they are deemed to be situated within the United States. Conversely:

> Shares in a corporation organized in or under the laws of Canada or of any of the provinces or territories of Canada, shall be deemed to be property situated within Canada.

Then article IV states:

> 1. The situs of property shall be determined in accordance with the laws of the contracting state imposing the tax, except as otherwise provided in this convention.

If I understand that, it means that the situs of property, other than shares in the companies mentioned in article III—

Mr. GIBSON: And real estate.

Mr. HANSON (York-Sunbury): Well, of course, real estate has always followed the situs. I am not dwelling on that.

Mr. GIBSON: We deal with real estate in article II, with shares in article III and with all other property in article IV.

Mr. HANSON (York-Sunbury): Real estate, of course, is exempt. Has it not always been the rule that real estate is dealt with in the country in which it is located? Is there anything in here which would affect real estate in connection with ascertaining the value or the return? I know that for succession duty purposes it would affect the quantum of the tax. That would not apply here, I suppose, because the rental values would be assessed in the country in which the real estate is situated. I think that is the general rule, and always has been, but article III alters the effect of international law, does it not?

Mr. GIBSON: Yes. There were different methods of treating the handling of shares in the two countries. If the United States had any justification at all they claimed that the shares were located in that country. Even if the unsigned certificate were in that country they claimed that it was taxable in the United States.

Mr. HANSON (York-Sunbury): What was our attitude?

Mr. GIBSON: Well, the matter was dealt with in various ways. If the stock could be effectively dealt with in this country we held that it was taxable in this country. In the case of companies having only one share transfer register, it depended upon the location of that register. Sometimes a company had two transfer registers, and then we had disputes, particularly if the share certificate were not in the jurisdiction in which either share register was located.

Mr. HANSON (York-Sunbury): What would be the position prior to this of a share the situs of which, we will say, was Bermuda, with a stock register in New York and another in Montreal? What was the situs of that share previously, and what will it be in future?

Mr. GIBSON: Of course if it were registered on the Montreal register and not in the New York register there would be no question at all. It would have to be registered on one register. It would generally be located where the register was.

Mr. HANSON (York-Sunbury): And the situs would be in Montreal?

Mr. GIBSON: Yes.

Mr. HANSON (York-Sunbury): Now there will be no anomalies arise under this convention, and perhaps it is all right. I wonder why it has not been extended to other classes of securities, such as registered bonds. The minister is aware, of course, of certain decisions of the Supreme Court of Canada in the National Trust Company against the provincial treasurer of Quebec, in what is commonly called the Sifton case, where the securities, being specialties, were locally situated in the province of Ontario. The Quebec government sought to tax them because they could only be unregistered in the province of Quebec. Has consideration been given to the situs of that class of property?

Mr. GIBSON: They were all taxable at their location at the time of death.

Mr. HANSON (York-Sunbury): That is, the situs was where the instruments themselves were actually located?

Mr. GIBSON: Yes.

Mr. HANSON (York-Sunbury): Yet the province of Quebec claimed and still claims that because they can be dealt with effectively only where they are registered, they are still taxable in that province.

Mr. GIBSON: This is the same law both in Canada and in the United States; we are agreed on that point.

Mr. HANSON (York-Sunbury): You have agreed on that point?

Mr. GIBSON: Yes.

Mr. MARTIN: I suppose there is no question that the phrase "any other law" in section 3 of the bill means any other law within the provinces or anywhere else? It reads:

> In the event of any inconsistency between the provisions of this act or of the said convention and the operation of any other law, and in particular the law relating to the taxation of the succession to property, the provisions of this act and the convention shall, to the extent of such inconsistency, prevail.

I suppose "any other law" does not mean any law passed by this parliament, but any law passed by any of the provincial legislatures or this parliament, particularly in regard to the taxation of succession to property.

Mr. GIBSON: This means any inconsistency with the Dominion Succession Duty Act. This would override any of the provisions of our federal succession duty act.

Mr. MARTIN: It may be a question of draftsmanship, but it says:

> In the event of any inconsistency between the provisions of this act or of the said convention and the operation of any other law. . . .

Why could it not be the law on succession duty in the province of Ontario, for instance?

Mr. GIBSON: Well, the common law is affected by the convention.

Mr. HANSON (York-Sunbury): It seems to me that the inclusion of the phrase "and the operation of any other law" would appear to be an attempt on the part of this legislature to abrogate the law of a sovereign province. For instance, the province of Quebec might pass the law—remember shares are civil rights—which would run foul of this convention and this treaty. The minister does not mean to tell me that the passing of this bill will override provincial law with respect to property and civil rights?

Mr. GIBSON: This is dealing only with taxes, so that this would apply only to laws affecting dominion taxes.

Mr. HANSON (York-Sunbury): What is contemplated by the words "any other law"?

Mr. GIBSON: The common law as to situs of property. That is dealt with in this and it would override any other decisions or—

Mr. HANSON (York-Sunbury): Why should not the section say that? The terms here are very wide and you do not know what interpretation may be put upon them. If it is intended to relate only to any other law relating to the situs of property, then should it not say so?

Mr. GIBSON: That was an example.

Mr. HANSON (York-Sunbury): What other possible thing could it relate to?

Mr. GIBSON: It is really all-embracing to make sure that the convention will be operative in respect of any law that is in existence dealing with dominion taxation.

Mr. HANSON (York-Sunbury): It goes farther than dominion taxation because it operates on the situs of property.

Mr. GIBSON: For taxing purposes only.

Mr. MARTIN: Article I covers it. It reads:

> The taxes referred to in this convention are:
> (a) for the United States of America: the federal estate taxes;
> (b) for Canada: the taxes imposed under the Dominion Succession Duty Act.

Mr. HANSON (York-Sunbury): We are not talking about taxes; we are talking about the effect of the overriding provisions of this convention. We are not talking about taxes in section 3; we are talking about the effect in law of the convention. I had intended to refer to that before the hon. member for Essex East rose. I suggest that the words "and the operation of any other law" are too wide. You cannot legislate here to override laws relating to the situs of property passed by a province. I lay down that general proposition.

Mr. GIBSON: I quite agree with that, but for the purpose of the Dominion Succession Duty Act we can lay down what property is to be taxed. That is all we are doing.

Mr. HANSON (York-Sunbury): In so far as the tax is concerned, but here you are passing a general statute. Have the law officers of the crown considered this section?

Mr. GIBSON: This has been submitted to the Department of Justice and has been approved by them.

Mr. HANSON (York-Sunbury): I have no doubt that is true, but has this particular feature been called to their attention? Have they reviewed it fully? After the statement, "in the event of any inconsistency between the provisions of this act or of the said convention and the operation of any other law", the section goes on to state, "and in particular the law relating to the taxation of the succession to property". That should be limited to the taxation by the dominion of the succession to property. You cannot pass a law here that relates to the taxation, by the province, of the succession to property, and that is what is being attempted here. The provisions of this section are too wide.

Mr. MARTIN: Section 3 is not attempting to override provincial legislation.

Mr. HANSON (York-Sunbury): That is the effect of the general language.

Mr. MARTIN: The section states that if this convention is inconsistent with any other law, and if we assume that that includes provincial legislation, then the provisions of this bill and the convention shall to the extent of the inconsistency not prevail.

Mr. HANSON (York-Sunbury): Shall prevail.

Mr. SLAGHT: I have not heard the whole discussion, but I am wondering if the hon. member for York-Sunbury and the minister would feel that the problem they are considering now would be solved by adding after the words "any other law," the clause that we found in section 5 of bill No. 149, which was considered this afternoon and which reads, "over which the parliament of Canada has jurisdiction."

Mr. HANSON (York-Sunbury): I agree.

Mr. SLAGHT: Would that not solve it?

Mr. HANSON (York-Sunbury): I think it would. I am pointing out that this legislature cannot deal 100 per cent with the whole question when it must limit itself to its own jurisdiction.

Mr. SLAGHT: If inconsistencies in the Ontario succession duty act cropped up they might pass something that did not conform with this convention.

Mr. GIBSON: This does not deal with the Ontario succession duty act.

Mr. SLAGHT: It says, "any other law."

Mr. HANSON (York-Sunbury): It deals with the succession to property.

Mr. SLAGHT: The phrase I had in mind was, "over which the parliament of Canada has jurisdiction." If it is needless we should not put it in, but I believe it would clarify beyond question the point that has been raised.

Mr. HANSON (York-Sunbury): I urge the minister to accept the suggestion of the hon. member for Parry Sound.

Mr. GIBSON: Property and civil rights is a matter for the jurisdiction of the provinces, and if we put that in they might say that that is a matter over which the dominion parliament has no jurisdiction.

Mr. HANSON (York-Sunbury): You have taken jurisdiction under section 91 over the succession to property in your succession duty act. You have the widest possible powers of taxation. I am not raising this point just for fun or for the purposes of obstruction; I do so because I really think there is objection to the form of the section as drafted. In the light of the discussion I think the minister would be well advised if he reviewed the situation. I am not going to labour the point any farther. I believe we have made our position quite clear. If you try to override provincial statutes you will run foul of Mr. Duplessis and a lot of other people.

Mr. GIBSON: Whatever we would be overriding would be only for the purposes of avoiding double taxation between Canada and the United States, not to change the general law of this country.

Mr. HANSON (York-Sunbury): The object might be excellent, but the language is not appropriate. I think the suggestion offered by the hon. member for Parry Sound is a sound one. That phrase is included in the health act, and I think we should limit our attempts at taking jurisdiction to the constitutional powers of the dominion.

Mr. SLAGHT: There is now pending in Ontario some important legislation in connection with the Ontario succession duty act as to the right of taxation of mining shares where a resident of New York dies owning mining shares in an Ontario company and there are transfer offices of the company in Toronto and in New York. Important questions are pending now as to the right of the province to levy a tax upon shares where the deceased died in the United States and was a resident of that country.

Mr. HANSON (York-Sunbury): This is a vexed problem.

Mr. SLAGHT: It is in my view.

Mr. GIBSON: I would not want to limit this in that way because it might limit us more than is desirable.

Mr. HANSON (York-Sunbury): I think I would take advice on it.

Mr. GIBSON: I cannot agree.

Mr. HANSON (York-Sunbury): You cannot hoist yourself by your own boot-straps and you cannot seize jurisdiction just by putting it in an act of parliament; you must have inherent jurisdiction under the constitution. I would play safe and limit it to the constitutional powers of the federal authorities, but I am not going to argue the matter any farther. I think you will run into trouble if you do not do as has been suggested.

There is just one other point I want to refer to under section 4 and then I shall be through. What are the orders and regulations which the minister has in mind and which are, in his opinion, necessary for the purpose of carrying out the convention? Powers to make orders and regulations should not be so general as this. They should be limited in scope and extent. But this is wide open, within, of course, the terms of the convention. I should like to know what orders or regulations the minister has in mind which, in his opinion, may be necessary for the purpose of carrying out the convention.

Mr. GIBSON: That really refers to the administrative work of carrying out the convention, the preparation of forms, for instance, and providing for whatever other action is necessary to carry out the convention's terms.

Mr. HANSON (York-Sunbury): Then why not say, "necessary for the due administration of the convention"? That has a narrowing effect. Under this section the minister has very wide powers to make any kind of regulation he likes so long as it is made in carrying out the convention. If it is meant to be purely administrative, why not say so?

Mr. GIBSON: It is really the same type of form that we have in the bill respecting the income tax convention. It is more or less a routine section.

Mr. HANSON (York-Sunbury): I took the same objection then. It is no answer to say that because we did it in a previous statute we are going to do it in this. On principle that is no answer at all. Because you have done it over a period of thirty or forty years even does not constitute an answer. Bad legislation should not be placed on the statute books at all, and I think this is bad draftsmanship. The powers to make rules and regulations should be limited strictly to the purposes of the administration of the act. Some minister may come along and say: I have power under section 4 to make a regulation that goes beyond administration.

Mr. GIBSON: Only "for the purpose of carrying out the said convention."

Mr. HANSON (York-Sunbury): I realize that it must be with this subject-matter in view. That is all that that means. I deprecate the practice that is becoming more and more prevalent in departmental legislation of giving these extraordinary powers to ministers to legislate, because that is what it is. I shall never cease, so long as I am a member of this house, to raise my voice against this delegation of power except for purely administrative purposes, and the language of the section is not within the ambit of that statement.

Mr. SLAGHT: I cannot share the view of the hon. member in that respect. Let me put it in this way. The minister who makes any regulation under the authority of section 4 must confine himself to the necessities of carrying out the convention which we are about to approve as law. The minute he made a regulation which stepped outside of the purpose "of carrying out the said convention", he would be travelling outside section 4.

Mr. CASTLEDEN: He may make such regulations as are in his opinion necessary. It is only his opinion.

Mr. SLAGHT: In all these matters where a minister is given power to make regulations to carry out a statute—and I suppose we have a dozen like this—it is always a matter of opinion by the minister, advised by his advisers, as to whether a particular regulation that he thinks ought to be put into effect is one which comes within his authority given to him by statute. So that I would not be alarmed because it is a matter of opinion.

Mr. CASTLEDEN: But he is the sole judge.

Mr. SLAGHT: But the courts will set him straight if he makes a regulation that he has not the right to make. You run that risk, I say with all respect to my hon. friend, whenever you authorize the making of regulations by order in council to provide the machinery for carrying out a particular piece of legislation.

Mr. HANSON (York-Sunbury): I think I am in agreement with a certain part of what the hon. member for Parry Sound has said, but he will agree with me that this is a delegated authority and that the powers are wide open within a certain ambit. Should they not be restricted? That is the only point I am raising.

Mr. SLAGHT: What sort of language would the hon. member restrict it to?

Mr. HANSON (York-Sunbury): I would restrict it by express words, "necessary to the administration of the convention". But I am not going to do the drafting.

Mr. GIBSON: We are restricted by the wording to carrying out the terms of the convention.

Mr. HANSON (York-Sunbury): I do not think so. It says, "in his opinion, necessary for the purpose of carrying out the said convention." They may find that the convention lacks something which they want done, something outside the ambit of the convention.

Mr. SLAGHT: We could well drop out the words "in his opinion", and make it definite.

Mr. HANSON (York-Sunbury): There is another question I should like to ask. Who is going to attack any of these regulations? That is a poser. The subject is not going to attack them unless they are clearly without jurisdiction. Once you give power to an executive to legislate, and that is what we are doing here—

Mr. GIBSON: Somebody must have authority to make regulations to administer these laws.

Mr. HANSON (York-Sunbury): Not necessarily. I can remember that when the discussion over the mobilization regulations was taking place in the house I pointed out that the government was taking power to legislate under a general authority, whereas on a previous occasion the regulations were brought down and submitted to parliament. That is the way it ought to be done. We are too prone in this country to-day, as they have been in days gone by in England, to delegate authority to legislate to the executive. It is the principle I am contending for. I know that in war time there must be a relaxation of the rule to a degree, but there certainly is a principle involved. I am not going to labour the point. I suppose that this will go through if I were to stay here until to-morrow morning, and I do not propose to do that on a hot night. I have pointed out what I consider to be a weakness in the section as drafted. I think the principle is bad and

the minister would be well advised if he restricted his powers to pure matters of administration of the subject matter of the convention.

Mr. HAZEN: These regulations do not have to be printed in the *Canada Gazette* or tabled. In similar statutes I have noticed that provision is made that the regulations must be printed in the *Canada Gazette* and also be laid on the table within a certain number of days after parliament meets. But these regulations will just be hidden away. Nobody will know what they are until they spring at the people right out of the blue.

Mr. HANSON (York-Sunbury): Unless publicity is given to them how is a lawyer to know what the law is?

Mr. GIBSON: I quite agree that there must be some publication.

Mr. SLAGHT: I think the point is well taken.

Mr. HAZEN: If I may read from the bill we had before us this afternoon, bill No. 149, an act to establish a Department of National Health and Welfare, section 10 reads:

> Regulations made under this act shall forthwith after approval by the governor in council be published in the *Canada Gazette* and laid before parliament within fifteen days after they are made if parliament is then sitting, and, if not, then within fifteen days after the commencement of the next ensuing session thereof.

Mr. GIBSON: I should like to read section 58, subsection 2, of the Dominion Succession Duty Act:

> (2) The minister may make any regulations deemed necessary for carrying this act into effect, and in particular may make regulations:
> (a) prescribing forms and providing for the use thereof;
> (b) prescribing the amount, form and manner in which security shall be furnished;
> (c) prescribing what rule, method and standard of mortality and of value, and what rate of interest shall be used in determining the value of annuities, terms of years, life estates, income, and interests in expectancy; and
> (d) authorizing the commissioner to exercise such of the powers conferred by this act, as may, in the opinion of the minister, be conveniently exercised by the commissioner.

These regulations are provided for in the succession duty act and they are published in the *Gazette*.

Mr. HANSON (York-Sunbury): By authority of statute?

Mr. GIBSON: Not by the authority of statute, but the succession duty branch does do that.

Mr. HANSON (York-Sunbury): By custom?

Mr. GIBSON: By custom.

Mr. HAZEN: But there is no provision in this bill before us?

Mr. GIBSON: No. There is no provision for it in the Succession Duty Act either, but it is the custom to do that.

Mr. HANSON (York-Sunbury): The minister will observe that while the Succession Duty Act provides in the opening paragraph for general powers of order and regulation, yet the effect of the whole section read together is to limit the powers of the minister to the particular subject-matters enumerated, and I think he would find that the court would hold him to that. At least that would be my interpretation of the section. I think the minister ought at least to publish these orders and regulations.

Mr. GIBSON: I can assure my hon. friend that we do that as a matter of course; we publish them in the *Canada Gazette*.

Mr. HAZEN: I do not think we should depend on "matter of course." There should be a provision in the bill itself so that we shall know that it will be done. I move:

> That another section be added to this bill to read as follows:
> "Orders and regulations made under this act by the Minister of National Revenue shall be published in the *Canada Gazette* and laid before parliament within fifteen days after they are made, if parliament is then sitting, and if not, within fifteen days after the commencement of the next ensuing session thereof."

Mr. SLAGHT: Would it not be well to put in the word "forthwith"?

Mr. HAZEN: I intended to put that in.

Mr. GIBSON: That could be added to section 4 without creating a new section.

Mr. HANSON (York-Sunbury): Oh, yes, that is a matter of form.

Mr. GIBSON: I have no objection to adding that to section 4.

The ACTING CHAIRMAN (Mr. Golding): Will the amendment be put in writing?

Mr. HANSON (York-Sunbury): The hon. member has not had time to put it in writing. We will do so if you demand it. Will the minister go back and give the same consideration to the suggestion made by the hon. member for Parry Sound, to put in the words, "within the jurisdiction of this parliament," where he suggested it?

Mr. GIBSON: No. I do not think I would be willing to do that.

Mr. HAZEN: Has this convention been approved and declared to have the force of law by the government of the United States?

Mr. GIBSON: No, it has not been approved yet. It has been signed of course. But it is before congress.

Mr. HAZEN: Does the minister know the approximate date when it will be approved?

Mr. GIBSON: I understand that congress has been adjourned until the 1st of August.

Mr. HANSON (York-Sunbury): If congress does not approve it, what then? Is there a provision in the convention for approval?

Mr. GIBSON: Article XIV states:

1. This convention shall be ratified and the instruments of ratification shall be exchanged at Washington as soon as possible.

Mr. SLAGHT: Should we not add a clause to this bill that it will be brought into effect when it is promulgated by order in council?

Mr. HANSON (York-Sunbury): After ratification by the United States.

Mr. SLAGHT: Suppose congress never approves it.

Mr. HANSON (York-Sunbury): I do not believe that the proper consideration has been given to this whole matter. This may never be ratified by the United States; yet it is the law of Canada. Somebody has slipped.

Mr. GIBSON: It comes into effect after it has been ratified by both countries.

Mr. NOSEWORTHY: It is deemed to have come into effect in 1941.

Mr. HANSON (York-Sunbury): It says it shall be ratified and the instruments of ratification shall be exchanged as soon as possible. The convention shall be deemed to have come into effect on June 14, 1941; and the minute this bill passes the Canadian parliament it is binding on Canada, and it is not binding on the United States until it is ratified by the United States Senate. It is in the form of a treaty. It looks to me like very loose workmanship.

Mr. GIBSON: Article XIV covers it. It does not become operative between the two countries until it has been ratified by the legislative bodies of both countries.

Mr. STIRLING: It does not say that.

Mr. HANSON (York-Sunbury): No, it does not say that. Paragraph 2 of article XIV states that it—

. . . shall be deemed to have come into effect on the fourteenth day of June, 1941. It shall continue in effect for a period of five years from that date and indefinitely after that period, but may be terminated. . . .

And so forth. It must be ratified—"shall be ratified", it says. It is binding on us the minute we ratify it.

Mr. GIBSON: A treaty cannot be binding on one country unless it has been ratified by both.

Mr. HANSON (York-Sunbury): It is the law of Canada, unless you say otherwise. What we have done with previous treaties, I think, is to say that the treaty comes in effect as of a certain date when ratified by both the contracting parties. That is the way it ought to be drafted.

Mr. GIBSON: This is in exactly the same form as the previous one.

Mr. HANSON (York-Sunbury): Then I say the previous one is faulty for the same reason.

Mr. BURTON: Just why is the date, "fourteenth day of June, 1941", set as the date upon which the convention is said to come in force?

Mr. GIBSON: That is when the Dominion Succession Duty Act was first brought into force. It goes back to the origin of that act.

Mr. HAZEN: If a person domiciled in Canada dies leaving an estate of $30,000 consisting solely of shares in Standard Oil of New Jersey, what dominion succession duty would the estate have to pay in this country?

Mr. GIBSON: That comes under article VI. If a Canadian dies leaving an estate in the United States?

Mr. HAZEN: Yes.

Mr. GIBSON: First of all, Canada would tax the whole estate of the man, as he was a resident of Canada. Then Canada allows a proportion of the tax which is paid in the United States: it is worked out under the formula in paragraph 2 (b).

I should like to say a few words on article VI. It provides first of all that there shall be a credit; then it provides that the credit shall be proportional; and then, in subparagraph (c) of both paragraphs 1 and 2 it is provided that the proportion shall be limited. In this case, in view of the fact that the value of the United States property liable to taxation in Canada and the value of the property taxed in the United States is the same, Canada would allow the entire tax that has been paid in the United States as an off-set. If that did not amount to the full Canadian tax there would be a balance to pay.

Mr. HANSON (York-Sunbury): An offset against the Canadian tax?

Mr. GIBSON: Yes.

Mr. HANSON (York-Sunbury): I think the purpose of the convention is good on the whole. What I have been criticizing or rather suggesting is a certain deficiency in procedure and so forth. I approve the convention because I think it will ease things for certain people, and I am all for easing taxation as far as I can—that is, double taxation. I am for eradicating double taxation; I want that understood.

Section agreed to.

On section 4—Orders and regulations.

Mr. GIBSON: I have this amendment to propose, that section 4 of the bill be amended by adding thereto the following words:

Such orders and regulations made under this section shall be published in the *Canada Gazette* and laid before parliament within fifteen days after they are made, if parliament is then sitting, and if not, then within fifteen days after the commencement of the next ensuing session thereof.

Mr. MACKENZIE (Vancouver Centre): I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

NATIONAL WAR SERVICES

193. Canadian travel bureau service, $77,950.

Mr. GRAYDON: This item, coming as it does in the civil appropriations for the Department of National War Services, involves what I might call one of the major peace-time industries and a very important one both from the national and from the international point of view. I refer to the tourist trade of Canada. The Canadian travel bureau service is one which, prior to the war, had functioned in a way that was generally acceptable to the people. Up to the time the war broke out, the tourist trade in Canada had assumed year by year greater and greater proportions. Encouragement was lent to it by the dominion government, the provincial governments, and in certain sections of the country by municipalities where the tourist trade was one of the major sources of revenue of the people in that particular district. During the war-time period, of course, tourist travel had pretty well diminished to a point where only a skeleton was left of what it was in pre-war days. It was one of the war's casualties so far as peace-time activity is concerned. That was particularly the case with respect to tourists coming from the United States and other countries. The reciprocal arrangements which existed in pre-war days whereby our people went south and their people came here had to be temporarily suspended and practically abandoned.

I have found, and I think the minister has found, that as the war reaches the point where it is at least nearer to its climax, if one may put it in that way, the attention of the public begins to be focused a little more on the peace-time activities which will follow. It is essential that in any move we make so far as reconstruction or making plans for the peace-time period are concerned we never let our eye wander off the ball, so to speak, as far as the winning of the war is concerned. Yet I think there is always in the back of the minds of the people this thought. It has cost us a lot in men, money and materials because we were unprepared for war. There are many people who believe that had we been prepared for war at an earlier time perhaps there would not have been any war, but I will leave that to those who know much more about international complications than I. However, it does rest with us when this war is over—and I pray and I think we all pray that that time may not be too far distant, although most of us have fears that perhaps we are not as near that time as some would have us believe—the responsibility of making sure that the peace-time period is prepared for so that we shall not have the helter-skelter arrangements that were necessary for us to make in the preparation for this war. That responsibility rests upon the government and upon the people. The helter-skelter arrangements that we had to make in preparation for the war were not confined to this country. The whole democratic free world found itself in the same position in trying to convert its peace-time activities and enterprises into a war-time economy.

I think I shall have some corroboration and support from hon. members of the committee when I make this statement. When peace comes there will be a desire on the part of people generally to do some travelling that has been accumulating in their minds during this period of great stress and strain. I suppose there is scarcely an hon. member in this committee who has not given some thought—and he does not have very much time for leisure—to what kind of travelling he is going to do as a means of relaxation when the war is

over. That, of course, is in the minds of people generally. When this war draws to its close the tourist trade no doubt will assume greater proportions in this country than ever before. I do not often indulge in prophecy, but were I so tempted I would say that the tourist industry of Canada before the war will look puny and insignificant alongside the tremendous business that this country will do when the days of peace come. This means that we must be prepared. We cannot expect to reach this period unprepared and still do our duty to our nation and to those from other lands to whom we are acting as hosts. Therefore I welcome at least the approach to the problem as is indicated by the increase in the estimates in this civil appropriation.

I am not in a position to say as to whether or not the money which has been increased by some $23,000—it seems small—is put in the right place; but in any event it does indicate that there is a consciousness on the part of the director of the Canadian travel bureau services that in the future there will be an expansion in a business which was a very important one to us in the past. When this country is making its preparations for the tourist trade I am hopeful that it will make sure that the preparations are of such a nature that they will fit into the place which we trust this nation will fill in world affairs. I am hopeful that as a nation we shall see to it that we put our best foot forward in this business. It means a lot to the people of Canada. It started out as a business which was a sort of sideline; it then developed into a business of major proportions.

When we talk about the planning for reconstruction in the years to come I think those plans will not be complete unless the reconstruction of the tourist business of Canada is fitted into that general programme. No doubt the minister of reconstruction will have a goodly share in the plans for the period that lies ahead; but I wish to point out to the minister and to the government that they ought to be in a position now to tell us something about the plans. I am going to ask the minister to describe in some detail the plans which this government have already laid out with respect to this portion of our country's reconstruction programme, because this is a programme which can be worked out quite a distance ahead. Some programmes, such as the reconversion and changing over of industries from war time to peace time, must of necessity be delayed because conditions may arise in this country which may interfere seriously and perhaps change the plans altogether. But that does not apply to the same extent to the tourist trade, because the general basic factors I think ought now to be fairly well known to the government. It is true that there may be some influences and factors which will be changed; but the minister has received briefs from various organizations; many people have given a great deal of thought to the matter of tourist traffic after the war and what it will mean to this country, and I hope that the minister will come along with a programme for this country for the post-war years. In the details given for this item I notice that the amount for advertising and publicity has been increased this year by some $15,000, while the amount allocated for publications has been increased from $3,000 to $6,000. Other than the cost of temporary assistance I believe those are the most noticeable increases in the item.

I wish to impress upon the minister the necessity of drawing up this plan at an early day, for this is something the government can get at now. I believe the programme laid down in this connection will occupy a position of great importance as far as our national economy is concerned in the future. One of the things that will be very important in connection with the promotion and advancement of the tourist industry will be the means of transportation. I suggest to the minister that we are entering an era of air travel. Those who lived in the nineties saw the transition from horse-drawn to motor-driven vehicles. I think we who were brought up in the automobile era will live to see the day when automobiles will be largely displaced by aeroplanes, helicopters and other forms of air transport. So that I think it is very important that in making plans for the tourist traffic we should take into consideration the new types of conveyances that will bring people to this country. I suggest that the country most far-sighted and most advanced in getting tourists to visit it, and in providing the most comfortable and convenient forms of transportation within it, will have a great advantage over other countries in competing for this valuable business.

I suggest to the minister that we must also complete our highway system by constructing the links necessary to do away with the dead-ends that exist at the present time. It is a national duty and obligation to prepare in every way possible for this tourist trade. We shall have to consider our highways more than we have considered them in the past. We shall have to see that proper facilities for landing, refueling and repairing planes are provided. Let us not be caught unprepared for this new era, as we have been caught so often before, for I am sure even this government can see the development that is coming.

I am going to ask the minister, if I may, to unfold the details of the programme which I am sure the government must have in hand concerning this great business in the post-war years.

Mr. SLAGHT: I have just a word to add in connection with the important item now under discussion. I believe the leader of the opposition is to be congratulated upon the vision he has displayed and his real grasp of the situation in regard to the task which lies ahead as far as Canada is concerned in connection with the development of our great tourist industry. The constituency I represent is particularly interested in that industry; through the hand of fate, and through an extraordinary occurrence some nine years ago, that constituency has probably had as many visitors from across the line as any other constituency in Canada, so that my people are deeply concerned with this matter. I believe the minister is to be congratulated also upon his thorough grasp of the situation, although he took over this task only a comparatively short time ago. The committee may not know that early in December of last year he called a conference in the city of Quebec to which were invited the officers in charge of the tourist industry in all nine provinces. A report of that convention was issued; I have read it from cover to cover, and it shows that not only this government but the provincial governments are awakening to the increasing importance of this industry.

There is another factor to which I might properly refer. I believe the minister is fortunate in having as director of the travel bureau Mr. Leo Dolan, who has occupied that position for some years. Hon. members may not recall that some three years ago there was a meeting in California of representatives of the United States, Canada, and the twenty-one South and Central American countries for the purpose of forming an international travel association. Canada was represented by the director of our travel bureau. At that meeting Canada was accorded the signal honour of having Mr. Dolan elected as the first president of the association, for a two-year term.

Mr. GRAYDON: A good choice.

Mr. SLAGHT: A very good choice. He carried on his duties for the two-year term, and then attended the next meeting of the association, which was held in Buenos Aires. I believe his efforts, and the prominent position he has occupied, have started Canada off on the right foot in regard to the tremendous future development that we may expect in this connection as far as our good neighbours of South and Central America are concerned. Therefore I believe the government has a full appreciation of the importance of this industry. I want to endorse everything that has been said by the leader of the opposition in reference to not slackening our efforts, so that we may be prepared for the future when peace comes.

Hon. L. R. LaFLECHE (Minister of National War Services): Mr. Chairman, may I thank hon. members who have spoken so far for their eulogies of the work done by the staff of the travel bureau and their acceptance of the desirability in the national interest of building up as quickly as circumstances permit this industry which before the war meant an expenditure in Canada in one year, the highest of which I have record, of $185,000,000, which expenditure dropped as the war went on to below $100,000,000.

Mr. CASTLEDEN: Is that American dollars?

Mr. LaFLECHE: American dollars. I think I am safe in saying that before the war the tourist industry in Canada was worth more to our national economy in the way of foreign exchange than our great timber operations. This comparison gives us an idea of the great importance of the tourist industry to Canada. I trust there will be no objection to my taking a few minutes to place on the record some information which I think this committee should have and which should prove of interest to the public.

The reasons for this estimate are to keep alive during the war interest in our tourist trade and to protect our heavy investments in highways, railways, bus systems, steamship lines, air lines, hotels, eating places, popular resorts, the gasoline and oil distributing trades, the tourist trade generally and foreign exchange. There is one item of great importance internationally, that of good will, and there is also the question of the nation's health in mind and body. While we want visitors to come to Canada in large numbers when circumstances will permit, I should like to see the Canadian public travel and enjoy themselves in order to keep up their morale and improve their physique and health.

Mr. GRAYDON: On the present gas ration?

Mr. LaFLECHE: My hon. friend has brought up a subject of which perhaps he knows more than I do. At the present time it has been considered by many authorities interested in the tourist trade in Canada that it would be untimely to attempt at this time of war to stimulate tourist travel generally.

Mr. GRAYDON: I think that is the proper policy.

Mr. LaFLECHE: It was my intention to call another meeting of the advisory committee on the tourist trade which I created not long ago. The nine provinces are represented on this committee. As soon as the invasion broke out I decided that it would not now be proper to call in these representatives, and early last month I wrote them as follows:

It had been my intention to invite the members of the national tourist advisory committee to a meeting some time in July. However, in view of the situation which has developed in Europe, it seems advisable to postpone the meeting.

Upon reflection, I hope you will agree that it is not wise to assemble the committee at this time. At this moment when the hearts and minds of Canadian people are focused upon the course of the invasion of Europe, such a meeting might not be understood. It may be that our forces in France will have dealt a crushing blow to the enemy later in the summer. If such be the case—and God willing we all hope it will be so—it may be possible to assemble the committee late in the fall.

In the meantime it would be very much appreciated if you would care to express any thoughts you may have to Mr. D. Leo Lolan, executive director of the committee. It might be well at your convenience, if you would make known your views to Mr. Dolan as to the points you believe should be discussed by the members of the committee when they meet.

We had replies from nearly all the members of the committee. A report on the consensus of the opinion expressed in those replies reads as follows:

In connection with the letter issued by the minister, under date of June 17, to the members of the national tourist advisory committee, I beg to make the following report.

We have now received replies from practically every member of the committee. These replies indicate unanimous approval of the minister's action in not holding a meeting of the committee at the present time. Further, the members have indicated their desire to agree with the minister's proposal that we should meet late in September or October.

The leader of the opposition asked that I outline the plans for the future, and I shall do my best to satisfy him on that point. It is the opinion of many persons in Canada directly interested in the tourist trade, such as hotel-keepers, resort owners and other people in the trade, that immediately after the war is ended we shall not be relieved of the traffic rush which exists to-day and that therefore that it would be inadvisable to attempt to increase the passenger traffic. At the moment our trains are filled with passengers, and of course as far as road travel is concerned we are hampered by the scarcity of gasoline and rubber. I hope the rubber situation will be corrected very quickly, owing to the synthetic plants that are now going very well, but gasoline is another matter. However, that is one of the things which will be in greater supply I believe as soon as the peak of the war has been reached and passed victoriously.

As to the future, I shall be glad to send my hon. friend a copy of the report of the proceedings of the national tourist business meeting held on my invitation at the Chateau Frontenac, Quebec city, November 29 and December 1, 1943. About 250 Canadians and Americans interested directly in the tourist trade met to discuss matters of mutual interest, and I believe they were in unanimous agreement on all subjects. It was my pleasure to address the delegates and outline to them what I considered the principal features of a successful tourist trade. I invited them to give these their attention and to work along the lines I suggested.

The committee sat and passed resolutions, which resolutions will be considered by the advisory committee when it meets. I am anxious to meet these gentlemen because they are all keenly intent upon advancing the prosperity and happiness of Canada. They appreciate the value of this industry to the national economy, and they can do an immense amount of good in creating international good feeling because many of them are hosts to many visitors who come to enjoy Canada's climate and beauty.

Mr. GRAYDON: How many are on that committee?

Mr. LaFLECHE: There are sixty-one members.

Mr. GRAYDON: How are they chosen, geographically?

Mr. LaFLECHE: They come from the nine provinces. I attempted to find persons to act on this committee who would represent not only a province but also the larger tourist regions such as the Laurentian resorts not far from here. If I picked my own province it is not because I did not do the same thing with the other provinces. In this matter I have had the full support of all provincial governments, municipal governments, boards of trade, resort associations, tourist associations, hotel-keepers associations, the steamship companies, the railways and the air lines—indeed everybody. This is one matter in which I am very happy to say during this war time I found unanimity.

Mr. STIRLING: Are the fish and game associations throughout the provinces represented?

Mr. LaFLECHE: Yes. If it please the committee I would be very happy to put on

Hansard a list of the members of this advisory committee. I would read it, but there are sixty odd names, and with the consent of the committee I will place it on *Hansard*. The list is as follows:

DEPARTMENT OF NATIONAL WAR SERVICES

Canadian Government Travel Bureau

The following is a complete list of our National Tourist Advisory Council as constituted by provinces:

Major-General the Hon. L. R. LaFleche, D.S.O.—Chairman.
D. Leo Dolan, Executive Director.

Prince Edward Island

Hon. J. Walter Jones, Premier of P.E.I., Charlottetown, P.E.I.
Mr. B. Graham Rogers, Supervisor, Prince Edward Island Travel Bureau, Charlottetown.
Mr. Justice A. E. Arsenault, Charlottetown.

New Brunswick

Hon. Dr. F. W. Pirie, LL.D., Minister of Lands and Mines, Fredericton, N.B.
Mr. D. W. Griffiths, Director, New Brunswick, Government Bureau of Information and Tourist Travel, Fredericton, N.B.
Mr. James D. McKenna, Saint John, N.B.
Mr. T. C. Macnabb, Regional Superintendent of the Canadian Pacific Railway, Moncton, N.B.

Nova Scotia

Hon. Harold Connolly, Minister of Industry and Publicity, Halifax, N.S.
Mr. A. J. Campbell, Director, Government Bureau of Information and Publicity, Halifax, N.S.
Mr. Jason Creed, Mill Village, N.S.
Mr. John M. Campbell, M.L.A., Baddeck, N.S.
Mr. A. I. Lomas, Halifax, N.S.

Quebec

Hon Adelard Godbout, Premier of Quebec, Que.
Mr. Maurice Hebert, Director General, Province of Quebec Tourist Bureau, Quebec.
Mr. C. W. Honey, President of the Laurentian Resorts Association, Ste. Adele.
Mr. Kenneth T. Dawes, President, Montreal Tourist and Convention Bureau, 1010 St. Catherine St. W., Montreal.
Mr. Frank Levesque, President, Province of Quebec Hotel Association, 1434 St. Catherine St. W., Montreal.
Col. Wilfrid Bovey, Member of the Quebec Legislative Council and an outstanding educationist, McGill University, Montreal.

Ontario

Hon. Leslie M. Frost, Provincial Treasurer, Toronto, Ontario.
Mr. D. R. Oliver, Director, Ontario Travel and Publicity Bureau, Toronto.
Mr. Geo. A. Martin, Secretary, Muskoka Tourist Development Association, 204 Richmond St. W., Toronto.
Mr. Arthur Widnall, Supervisor, Fort William Civic Tourist Bureau, Fort William.
Mr. T. H. R. McNally, Manager, Toronto Tourist and Convention Bureau, Toronto.
Mr. H. A. MacLennan, Past-Pres. of the Canadian Hotel Association, Toronto.

Mr. Len Hughes, Pres., Northern Ontario Tourist Trade Association, Trout Mills, Ont.
Mr. C. C. Manore, Secretary, Blue Water Highway Association, Sarnia.
Mr. W. J. Wilson, Thousand Islands–St. Lawence River Rideau Lakes Association, Gananoque.

Manitoba

Hon. J. S. McDiarmid, Minister of Mines and Natural Resources, Winnipeg.
Mr. H. E. Beresford, Director, Manitoba Government Travel and Publicity Bureau, Winnipeg.
Mr. C. A. Tanner, Managing Director of the Manitoba Hotel Association, Winnipeg.
Mr. C. D. Shepard of Winnipeg.
Mr. Frank J. Schlingerman, Winnipeg.

Saskatchewan

Hon. W. F. Kerr, Minister of Natural Resources, Regina, Sask.
Mr. S. J. Latta, Publicity Director, Saskatchewan Tourist Bureau, Regina, Sask.
Hon. C. M. Dunn, Branch Manager Mutual Life, Regina, Sask. (Former Minister of Highways.)
Mr. E. S. Forsythe, Fish and Game Commissioner, Regina, Sask.
Mr. Stephen B. McEachern, Secretary-Manager, Saskatoon Board of Trade, Saskatoon.
Mr. L. J. Longpre, Saskatchewan Motor League, Regina.
McIntosh, C. H., Manager, The Royal Bank of Canada, Prince Albert, Sask.

Alberta

Hon. Ernest G. Manning, Premier and Minister of Trade and Industry, Edmonton.
Mr. D. E. C. Campbell, Publicity Director, Publicity and Travel Bureau, Edmonton.
Mr. Chas. Grant, K.C., Edmonton.
Mr. R. A. Godson, President of the Alberta Motor Association, Edmonton.
Mr. James Brewster, Banff, Alberta.
Mr. S. W. Cameron, Sec'y-Treas., Alberta Motor Assoc., Edmonton.

British Columbia

Hon. E. D. Carson, Minister of Trade and Industry, Victoria, B.C.
Mr. E. G. Rowebottom, Deputy Minister of Trade and Industry, Victoria, B.C.
Mr. Rowe Holland, Chairman of Vancouver Parks Board; Director of Vancouver Tourist Ass'n., Vancouver, B.C.
Dr. G. H. Worthington—1st Vice-President of the Canadian Association of Tourist and Publicity Bureaus; Past President, Vancouver Tourist Association and Evergreen Playground Association, Vancouver.
Mr. M. Leo Sweeney, President, Vancouver Tourist Association, Vancouver.
Mr. Geo. I. Warren, Secretary-Manager, Victoria & Island Publicity Bureau, Victoria, B.C.

Mr. J. Murray Gibbon, General Publicity Agent, Canadian Pacific Railway Company, Montreal, P.Q.
Mr. W. S. Thompson, Public Relations Counsel, Canadian National Railways, Montreal.
Mr. C. C. Bonter, Passenger Traffic Manager, Canada Steamship Lines Ltd., Montreal, P.Q.
Mr. R. G. Perry, Passenger Traffic Manager, Provincial Transport, Montreal.
Mr. H. J. Symington, President of the Trans-Canada Air Line, Montreal, P.Q.
Mr. E. H. Frappier, President of the Hotel Association of Canada, Montreal, P.Q.

Mr. A. McD. McBain, representing the Canadian Bankers Association, Manager, Foreign Relations Dept., Bank of Nova Scotia, Toronto, Ont.

Mr. R. A. Gibson, Director, Lands, Parks and Forests Branch, Department of Mines and Resources, Ottawa.

Mr. A. L. Jolliffe, Director, Immigration Branch, Department of Mines and Resources, Ottawa.

Mr. P. L. Young, Executive Assistant, Customs-Excise Division, Dept. of National Revenue, Ottawa.

The list is not closed. I shall be very happy to name other members to the advisory committee, should there be good reason to do so.

Mr. GRAYDON: I am afraid I have drawn a blank so far as getting information with respect to the government's plans for the tourist industry. The minister may have overlooked that part of my question. We have now had quite a long period of inactivity so far as the Canadian travel bureau is concerned. We are now in the sixth year of the war, and during this period of relative inactivity in the tourist trade it seems to me that the government ought to have prepared some constructive programme to be placed before this committee with respect to the policy which is to be followed in the post-war period with respect to the tourist trade.

I rose to find out what plans the government has made, because there is criticism across the country to the effect that we talk a lot about reconstruction but that when it comes down to having plans ready we do not get much more from the government than statements that inquiries are being made and advisory committees are being set up. Advisory committees are all to the good and I am not intending any reflection at all on the personnel of the advisory committee. But anyone who talks to those in the tourist industry knows they are not entirely satisfied that we have proceeded far enough or vigorously enough with a tourist programme for the post-war period. Whether the minister realizes it or not—and I fancy he does—the tourist business is something that ought to occupy a major part of his attention at this time. But we seem to go blithely along talking about reconstruction in the post-war period and here is a definite part and parcel of the reconstruction programme. This is one case—perhaps there are others—where a programme should have been prepared for developing and promoting the tourist industry in this country. This committee ought to have before it now the tourist programme which the government proposes to inaugurate in the period of peace. I think I am not asking the minister too much when I ask that. I think I am but reflecting the thoughts of a great many people engaged in the tourist industry who are not sure that there has been any more than words and talk with respect to this part of the government's activities in the reconstruction period. I do not want to seem unduly critical of the minister. What I am saying is rather a reflection of the complaints and criticisms that I have heard myself with respect to the programme or lack of a definite constructive programme with respect to the tourist industry in the post-war period.

Mr. LaFLECHE: I am indebted to the hon. leader of the opposition for having spoken so frankly. In return he will not mind if I speak equally frankly. The hon. gentleman tells this committee that his words reflect the opinions that have been brought to his attention. May I tell him that I am in direct communication with the tourist trade all over this country, and I have not heard one single word or suspicion of a thought such as the leader of the opposition has expressed to-night.

The words which have been used by the leader of the opposition to describe the thoughts of those with whom he has been in contact are not what has been said to me. May I tell him that the suggestions contained in the report have been adopted and followed and applauded by the tourist trade of Canada. A moment ago I read a letter which I wrote to the advisory committee on June 17, and gave the consensus of leaders in the tourist trade in Canada, approving my suggestion and sharing my hope that we could meet in the fall. I cannot conceive that that is of the nature of the reaction described to us by the hon. leader of the opposition, because everything that I know and everything that I have heard is definitely to the contrary.

A moment ago I said that I would send to the leader of the opposition a copy of the report of the proceedings of the national tourists' business meeting which was held in Quebec last winter. May I also table a copy of that report this evening, with the consent of the committee. In that report the hon. gentleman will find my suggestions, which I was told at the time cover a very wide field and, if I may say so myself, cover it well. He will see there the programme. He will see mentioned there things of vital importance to the tourist trade and to the national economy of Canada.

We have set up an advisory committee and I shall get them together as soon as war conditions make it seemly and possible. In telling the leader of the opposition that, I

hope that I have given him a very full reply, unless he wishes me to read this report of some nearly fifty pages, and I do not think that he would want me to inflict that upon the committee.

Mr. GRAYDON: I quite understand that. May I ask whether the report which the minister is now tabling sets out the government's tourist policy for the post-war period? I am trying to find out what the government's tourist policy is. If the minister says that the government's policy is contained in the report we shall be prepared to peruse it and see if it is adequate.

Mr. LaFLECHE: May I point out to this committee that the people who own and operate the tourist trade of Canada know their own business, and all that the government can do is to give them encouragement and assistance and leadership. That is the way my department has proceeded in this matter. At this meeting in Quebec city I did not lay before them a government policy; I laid before them my considered thoughts as to what they should do with their own businesses and I promised to help them to the full extent of my capacity. As an earnest, but only as an earnest, the estimate for this year shows a small increase of $23,000. It is not so small when one remembers that last year the total estimate was only $54,000; I have increased it by nearly fifty per cent. It is nothing compared with what we shall require when we can go "full-out" in encouraging the tourist industry of Canada after this war is over. It is an earnest, an indication. I stated what I wanted to see in Canada, and my words are to be found in this report. If my hon. friend wants me to read the whole thing I will, but really I would blush with shame if I had to do so; it is too long.

Mr. GRAYDON: I am having difficulty, I think, in making myself clear to the minister on this point. I take full responsibility for that. What I am trying to find out, and I think what I am entitled to know, is the policy of the government on this subject. The minister now indicates that the report he is tabling is not necessarily the government's programme but rather a symposium of ideas of the government represented by the minister, and others who are in the business. I know something about what the men in the business think about these things, because from time to time I am in contact with them. I am anxious to know, and this is the time, I think, when we are entitled to the information, what is the policy of the government with respect to this reconstruction period. The tabling of a symposium of remarks at Quebec city is not sufficient to indicate the government's policy. Practically every minister of the government from time to time is asked for his policy on matters relating to his particular department, and as a matter of course he gives it. We may not always agree with it, but at least the policy is there. I do not think the minister is doing himself justice by merely saying that the government policy is still in the air and that the best we can have is a summary of the ideas of several people in the business whom he addressed and with whom he was associated in his work. I may not be quite fair to the minister on this; I want to be, because I am not trying to put him on the spot or embarrass him; but he ought to give us something more than he has done so far as the policy of the government on post-war tourist trade is concerned. I may be entirely misinterpreting his remarks, but I should like him to clarify the position.

Mr. WOOD: Before the minister answers that question may I say that I am interested in the attitude the leader of the opposition takes with regard to this and other departments of government, when he asks them to define their post-war programmes. I have often marvelled at the insistence with which opposition groups make this kind of demand, when in my view the formulating of plans for the post-war period is dependent upon the results of the peace conference, which in turn will depend a great deal upon who sits at that conference, the ideals which are promoted there, and how they affect the people of the various countries involved. It is unfair to insist that various ministers should state a special and particular programme. One has to face facts. You cannot mark out a blueprint which can be applied five years from now. This war is not over. We do not yet know who will sit at the peace conference, whether nationialism or internationalism will rule, whether the Atlantic charter will be implemented. One of the greatest contributions to the promotion of tourist trade prior to the war was the reciprocal arrangement for the admission of $100 worth of goods duty-free at the border, which induced millions of people from the United States to patronize our market. Is the leader of the opposition prepared to say that we shall implement the ideals of the Atlantic charter in having freer trade, not only in tourists—

Mr. GRAYDON: Well, we have some plans about that for use when we get in.

Mr. MACKENZIE (Vancouver Centre): Why defer them that long?

Mr. WOOD: I am afraid they are rather remote from being implemented.

Mr. GRAYDON: The hon. member himself seems to be pretty uncertain about things.

Mr. WOOD: I am certain that this country of Canada cannot survive with a closed-door policy, and our future in this respect is likely to depend a great deal upon the attitude at the peace conference, what programme is decided upon there. I feel that the minister would be wise not to commit himself to anything. I think, of course, that he is wise, and that he is not going to do it. Sitting here as a humble back-bencher, I often listen to these men who seem to have knowledge superior to my own, and as they get on a high and lofty plane and talk about the quality of their contributions, I marvel that they should be so sure of their future proceedings when it is so plain that they do not know what can be done. We shall have to face realities when the war is over.

Mr. LaFLECHE: It may be that I did not understand the leader of the oposition; it may be that he did not understand me or catch what I said a moment ago. I take it he wants to know the policy of the government. Well, I have already given it. Our policy is designed for the protection of widespread and heavy investments in highways, railroads, bus systems, steamship lines, air lines, hotels, eating places, popular resorts, gasoline and oil distributing trades, trade generally, foreign exchange, and international good will, as well as the nation's health of mind and of body. Behind that I stand and to that end I have worked. It will not displease the leader of the opposition to learn, perhaps for the first time, that I gathered together those who own these businesses, and therefore cannot be regimented and told what to do, except to invite them to think of the future and to be prepared for it, and to offer them assistance in carrying out the policy I read a moment ago. I think that sufficed, and perhaps all the better because nothing like it had ever been attempted before I did it. If the leader of the opposition were to read this report which I am tabling, and of which I am sending him a copy, perhaps he would realize that there is more to it than he seems to believe.

Mr. GRAYDON: I had a special interest in this because I was in the district in Quebec at the time when this took place.

Mr. LaFLECHE: Why didn't you come?

Mr. GRAYDON: I was not invited.

Mr. LaFLECHE: Well, had I known—

Mr. GRAYDON: May I say that, so far as the work of the minister in this respect is concerned, while I criticize where I think criticism is required, I think the minister merits commendation for bringing in practical people to advise him and to discuss these many matters with him. While perhaps in the early part of my remarks I was critical in regard to certain things I thought ought to be done for the improvement of the industry, nevertheless I think some other members of the cabinet might follow the minister's example and get the views of the average person in business instead of taking the views of someone who has never been in business at all. They might take a leaf out of the minister's book. It would make for harmony and better relations and would be more effective in the prosecution of any policy that might be adopted. I hope the minister will take this as a compliment from one who is not inclined to give compliments unless they are deserved.

Mr. LaFLECHE: I thank you, kind sir.

Mr. FURNISS: I represent the most popular summer resort in Ontario, and I am wondering where the leader of the opposition finds reason for anxiety over the future of the tourist business. My information this summer, more than a month ago, was that every tourist house in Muskoka was booked up. I have not had a single complaint. They are enjoying the best summer in the tourist business since 1929.

Mr. GRAYDON: You have no objection to my trying to continue it?

Mr. FURNISS: Not a bit. The hon. member takes very great delight in visiting some of the resorts himself. I do not think the impression should go out that the tourist business is suffering from any lack of interest on the part of the travel bureau. Last summer I had some complaints in regard to rationing and so on and I went to the department. They assured me that they would feed all the people who went to Muskoka last summer and thereafter I had no complaints; nor have I had a single complaint this summer. I think the future of the tourist business is as bright as ever it was and I believe it will so continue after the war.

Mr. STIRLING: Now that there has been a slackening in the restrictions on foreign exchange, has the minister noticed the beginning of any movement in the tourist business from the United States to Canada? I notice that one of the air lines in the United States has been advertising cheap rates on its planes as far as New Brunswick. One line goes from

the United States to Eire, and since priorities rule in the transatlantic passage, I would gather that there were vacancies on those planes, because they are advertising cheap rates as far as New Brunswick. I must presume that would be with tourist intent. I wonder if the minister or his department had a hand in that arrangement. If so, has it also a hand in similar arrangements in other parts of Canada with regard to tourists coming from the United States by air in small numbers?

Mr. LaFLECHE: I had heard, I believe, of the case mentioned by the hon. member, but I understood that it was an isolated one. As regards the new regulations in connection with financial matters between the two countries, I have not the statistics, but for some considerable time the trend of thought on the part of travel authorities has been to keep passenger traffic at the present level and not to attempt to increase it. I do not think they are ready to take on a heavier load than is being carried now—not as a general rule.

Item agreed to.

194. National film board, including the motion picture bureau, $678,806.

Mr. GRAHAM: I thought this was an opportune time for me to bring to the attention of the minister a thought I had for some time. In my opinion we should be making more and more use of the national film board to educate the public in a visual manner regarding the task and function of government. Our system of government is a democratic one. That, of course premises a partnership between the people and those in public office, and the activities of government have expanded to such an extent that I am quite certain one of the real dangers to the democratic way of government is a growing apart of the people from their own government. The amounts that governments now handle, the amount of the budget and the range of activities, are so immense that the average person on the street is inclined to think of government as some agency completely apart from himself and from the things which affect his life and in which he has a vital partnership.

Government, after all, is but the agent chosen by the people to conduct their business, and I am much alarmed as I notice the chasm that separates the people's mind from the activities of government. One of the things we must do is to realize that such agencies as the national film board can interpret government to the people and help them to be fully informed of the details of different regulations and laws that affect them in their daily life. I often think that the many pamphlets and other forms of literature distributed do not accomplish the purpose intended. I know they are excellent in form and material, but there are many people who have not the time or interest to peruse all the different forms of literature sent out by the various departments.

During the war some of the films produced by the national film board to bring home some lesson of war, and the practical necessity of some regulation or rule or restriction, have shown the ability of the board to present these things in a vivid manner that quickly brings to the person seeing them the purpose of some particular regulation and the manner in which it is beneficial to him as a citizen of the country. Therefore I believe in Canada that more and more must be considered and solved if we are to make democracy what it should be, a matter of close interest on the part of our people. Knowing the ability of this national film board—and I say to the minister that I highly compliment that particular board on its ability to produce in a visual form government pictures of very great interest, and, in my opinion, of very great technical skill—I think it is an agency that Canada could well be proud of, and that we should use it a great deal more than we have been doing in order to perform the national duty of interpreting Canada and its activities to the people of this country.

Mr. JAQUES: Would the minister explain to the committee the activities of the film board? Personally I know very little about it. I should like to know just what it does.

Mr. WRIGHT: May I ask another question of the minister, and he could answer my question while he is answering the question of the hon. member who has just spoken. The item on page 138 of the estimates reads as follows: "Development of international circulation of films." I think that is a very important thing. I am glad to see it there. As I understand it, the film board is sending Canadian films to other countries, giving them a visual demonstration of some of the things we have in Canada, such as our natural resources, our manufacturing abilities, some of the things we have to trade and some of the beauties of our Canadian scenery to encourage tourist traffic. Would the minister give us some details of what has been done with respect to the exchange of films with other countries along these lines.

Mr. LaFLECHE: I may get a little mixed up here, among the three hon. gentlemen. The hon. member for Swift Current suggested and urged that the national film board bring to the

people of Canada in greater measures the workings of governmental departments. May I explain to this committee that during the war the national film board has been doing a very great deal of work for the several departments. It has been very busy doing work for war purposes, and war purposes has had, as it should have, the priority. But in the programme I bring to the committee this evening I should like to say that the majority of films which have been produced up to date by the national film board are of a specific departmental nature and in a very large majority having to do with the prosecution of the war. The need has become evident of films of a more general national nature for use in Canadian schools and by Canadian groups, and to bring to the world the realization of Canada's development. The need for such films for distribution abroad has been brought to the attention of the national film board by many trade commissioners and other Canadian representatives aboard. I think that explains to the hon. member for Swift Current what has been done, and the policy of the national film board. His words will be very carefully noted and given all possible consideration.

Another hon. member asked about the foreign distribution of films made by the national film board. May I acquaint this committee with the following information. During the fiscal year ending March 31, 1944, 525 sixteen millimetre and 169 thirty-five millimetre prints were sent to twenty-seven different countries, territories of the British empire and other places outside of Canada, not including the United States. Distribution is effected generally through offices of the Canadian high commissioners, embassies, legations, consulates and offices of the Canadian government trade commissioners. They are our contacts in these foreign countries. In addition to the above-mentioned media of distribution, we have an arrangement with the British ministry of information for the circulation of our films in the United Kingdom and fifty-two places abroad in the British commonwealth, empire and other countries. We also have an arrangemeent with Sterling Products International Incorporated, with head office in Newark, New Jersey, in the United States of America, for the circulation and showing of selected films through their agencies and sixty-nine mobileciné sound units in fourteen Latin American countries. I suggest that the hon. member will obtain information from that statement which will interest him very much indeed. If the names of the countries are desired I can put them on the record, or read them into the record.

Mr. WRIGHT: It would be all right if they were placed on the record.

Mr. LaFLECHE: With the consent of the committee I shall table a list of the countries I mentioned a moment ago. They are as follows:

Number of prints sent, by country or place, for the past fiscal year 1943-44, is as follows:

Place	16 mm.	35 mm.
Argentina	21	..
Australia	..	14
Melbourne	34	..
Canberra	19	..
Sydney	23	..
Vacuum Oil	9	..
Tasmania	6	..
Brazil	20	..
British West Indies	8	15
Chile	18	1
Colombia	4	..
Cuba	12	..
Egypt	24	..
England	36	49
Russia	..	4
China	..	2
St. Pierre et Miquelon	..	54
Greenland	6	6
Iceland	7	..
India	10	14
Mexico		
Filmotecas	11	..
T.C.	20	..
Newfoundland	33	..
New Zealand	..	2
Auckland	22	..
Wellington	27	..
Panama	10	..
Peru	9	..
Puerto Rico	13	..
South Africa	..	7
Dept. of Educ.	1	..
Johannesburg	23	..
Pretoria	17	..
Capetown	4	..
Messrs. Sterling Products Int. Inc.		
Chile	9	1
Dominica	1	..
Colombia	10	..
Nicaragua	1	..
Uruguay	2	..
San Salvador	2	..
Costa Rica	1	..
Venezuela	6	..
Ecuador	3	..
Honduras	1	..
Guatemala	1	..
Peru	4	..
Mexico	26	.
Total	525	169

Another question was asked, but it escaped my memory. Would the hon. member repeat?

Mr. JAQUES: I asked the minister to give the committee a general description of the activities of the national film board. I have

to confess I know nothing about it. I should like to know something about it because I am interested in it.

Mr. LaFLECHE: The break-down of the vote is on broad lines and answers the hon. member's question. I shall read it, and then I shall give as many details as are desired. Apart from the question of staff which is always necessary, we have items for national film programme, national film programme rural circuits, a very interesting development, I may say; the development of international circulation of films. I have already said something about that. Supplies, materials, printing and stationery; acquisition of equipment and travelling expenses. I believe that the hon. member wishes information about the work performed by the national film board. I shall read from the National Film Board Act of May 2, 1939. The duties of the commissioner, which in a sense cover the activities of the entire staff, are as follows:

The commissioner in carrying out the duties imposed upon him by this act shall at all times be under and subject to the directions of the board and shall

(a) advise upon the making and distribution of national films designed to help Canadians in all parts of Canada to understand the ways of living and the problems of Canadians in other parts;

(b) coordinate national and departmental film activities in consultation with the board and the several departments and branches of government work;

(c) advise as to methods of securing quality, economy, efficiency and effective cooperation in the production, distribution and exhibition of government films;

(d) advise upon and approve production, distribution and exhibition contacts and agreements in connection with film activities of the several departments of the government and, in respect of these, act as intermediary between such departments and the bureau and between such departments and commercial firms;

(e) advise upon all departmental expenditures in the production, distribution and exhibition of films;

(f) represent the board in its relations with commercial newsreel and non-commercial film organizations;

(g) advise as to the distribution of government films in other countries;

(h) coordinate and develop information services in connection with government film activities.

Those are the authorities.

Now, if I may, I should like to answer to an even greater extent the question put by the hon. member. I have here a list headed, "National film productions completed during the fiscal year 1943-44." There is no better way to answer the question put by the hon. gentleman than by giving him the names of the films completed under the authority I have just read. Again this is a very long list, and while I have no objection to reading it I am afraid you, Mr. Chairman, and the members of the committee would think I was taking too much time. Therefore with the permission of the committee I shall be very happy to put this list on record.

Some hon. MEMBERS: Agreed.

Mr. HAZEN: May I ask a question in regard to the item for temporary assistance. I notice that last year the estimate was $25,276. First I should like to know if that money was all spent. There has been a marked increase this year, to $65,152, or an increase of $39,876. I should like the minister to tell the committee why there should be such a large increase. Then further down I see an item for short-term employment, for which $29,000 is appropriated. What is the difference between temporary assistance and short-term employment?

Mr. LaFLECHE: The increase in the amount provided for staff reflects but the estimate of the increased need for this fiscal year. The hon. gentleman asked whether the entire amount voted last year had been expended, and the answer is yes. I would point out that the work of the national film board has increased very greatly and is still on the upward trend. The peak will be reached as the war ends; at least the war has caused a very great increase in the production of the national film board. The hon. gentleman asks the difference between temporary employees and short-term employment. Temporary employment is equivalent to what is generally understood in the civil service by the term "temporary civil servant." Do I make myself clear in that respect?

Mr. HAZEN: That is temporary assistance?

Mr. LaFLECHE: Yes; temporary employees are what are regularly understood in Ottawa when one speaks of temporary civil servants.

Mr. HAZEN: But one item is for temporary assistance and the other is for short-term employment.

Mr. LaFLECHE: I have tried to explain the first item; it is a very prosaic explanation, well understood here. Short-term employment is perhaps not so well understood. It

covers those persons who are employed by the national film commissioner to carry out a specific piece of work; in other words, to do a particular job. They may be taken on for a short time, for the production of a particular picture, for instance; that is the exact explanation. A short-term employee is taken on for the production of a particular film.

Mr. HAZEN: How many more persons do you expect to have employed under the item for temporary assistance than you had last year?

Mr. LaFLECHE: In the estimates for the fiscal year 1943-44 the sum of $28,424 was recovered from production and other projects. However, because of the many difficulties involved in the matter of an equitable distribution among the various projects, it was the considered opinion of the officials of the film board that this amount be not included and shown as recoverable for the year 1944-45. Consequently the cost of all temporary personnel employed in administration is included in the civil estimates. The increase of $39,876 for the temporary staff is made up as follows: transfer of C. S. Bagley; transfer of Erva Hodgins; transfer of A. Cloutier; new positions, Jean MacMillan, Frank Curry, Muriel Gogo; increases to Lucian Chartrand and Lucille Quevillon. Then there is the recovery from production and other projects for the fiscal year 1943-44, which is not included this year.

Mr. HAZEN: As I followed the minister, he mentioned six people who were not employed last year, and two other persons who received increases in salary. If that accounts for the $39,000 they must be receiving rather large salaries. Am I correct in my figures?

Mr. LaFLECHE: The salaries are as follows:

C. S. Bagley	$3,600
Erva Hodgins	1,200
A. Cloutier	2,820
Jean MacMillan	1,380
Frank Curry	1,252
Muriel Gogo	1,080
Lucian Chartrand (increase)	60
Lucille Quevillon (increase)	60

The recovery from production and other projects for the fiscal year 1943-44, which is not included this year, amounted to $28,424.

Mr. HAZEN: I am not clear on this yet. Those figures do not total $39,000. I should say they come to only $10,000 or $12,000, roughly.

Mr. LaFLECHE: If the hon. member adds them he will see they come to $39,876, but that includes a bookkeeping entry of $28,424 covering the recoveries. You will find that that balances to a dollar.

Mr. PERLEY: I notice on page 138 of the estimates where the details are given that there is an increase in a number of these items. The national film programme is more than doubled, but I notice that in connection with the rural circuits there is no increase over last year. Would the minister explain what is covered by that item and why there is no increase?

Mr. LaFLECHE: Since March, 1943, the number of rural circuits financed completely by the national film board has remained at the maximum figure of fifty-four. I may say in passing that that is largely due to a lack of demand for additional circuits. The number of circuits financed jointly by the film board and various cooperating organizations has increased from fifteen to thirty-one. This makes a total of eighty-five, which is an increase. This means that well over 1,500 rural points are served regularly each month.

Mr. HAZEN: Are there rural circuits in each province?

Mr. LaFLECHE: There are. If local or regional authorities care to band together and appoint some one to look after it locally and if they communicate with the national film board, every effort will be made to extend to that new region a rural film circuit.

Mr. PERLEY: Can the minister give us the number of rural circuits in each of the three prairie provinces?

Mr. HAZEN: In all the provinces.

Mr. LaFLECHE: The number of circuits does not indicate the number of places served, since one circuit would serve many places. The circuits are as follows:

British Columbia	5
Alberta	11
Saskatchewan	19
Manitoba	10
Ontario	15
Quebec	15
Nova Scotia	5
New Brunswick	5

Item agreed to.

Progress reported.

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

Monday, July 17, 1944

The house met at eleven o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN ARMY—PERSONNEL ENLISTED FOR OVERSEAS BUT STILL IN CANADA

Mr. DIEFENBAKER:

1. How many men who enlisted in the army for overseas service are there at present in Canada?

2. Of these, how many are, (a) members of the veterans guard; (b) in categories which render them unsuitable for overseas service; (c) are necessarily retained in this country for organizational or staff duties?

Mr. MACDONALD (Halifax):

1. Including those in territories adjacent to Canada, approximately 140,000 of whom probably 50,000 or more are or can be made available as reinforcements for overseas service.

2. (a) Approximately 8,500.

(b) Excluding those in the veterans guard there are approximately 50,000 who are of an age or military category such that they would not normally be sent overseas. Individuals among these may be sent overseas for special duty.

In addition, there are approximately 25,000 who, while not definitely unsuitable for overseas service, are in age groups, medical categories, or ranks such that only a limited number of them can be absorbed within establishments of the army overseas.

(c) Excluding those referred to in (a) and (b) above, there are approximately 10,000 employed on the staffs of administrative, training and servicing units in Canada.

As many as possible of these are being withdrawn for overseas service, but some will no doubt have to be retained permanently in Canada because their duties require fit general service volunteers or because of special knowledge and experience which makes it difficult to obtain suitable replacements.

VICTORY BONDS PURCHASED BY SOLDIERS

Mr. CRUICKSHANK:

1. If a soldier purchases a victory bond on the instalment plan and is posted as missing, what happens in regard to the unpaid balance?

2. If a soldier purchasing victory bonds on the instalment plan is killed before completing the transaction, what happens to the amount paid on the bond?

3. Is it refunded to the next of kin?

4. If so, is the interest allowed?

[Mr. LaFleche.]

Mr. MACDONALD (Halifax):

1 and 2. When a soldier is missing or dies.

(a) If the casualty occurred prior to the end of the fifth month of the instalment period and advice thereof is received prior to the end of the sixth (and final) month of the instalment period, the assignment of pay for the purchase of the bond is cancelled retroactive to its commencement and the instalments so far deducted are recredited to the soldier's pay account. Where such advice is not received prior to the end of the sixth (and final) month, purchase of the bond would be completed.

(b) If the casualty occurred during the sixth (and final) month of the instalment period purchase of the bond would be completed.

(Note: Under article 83 F.R. & I. (Canada) the pay and allowances (except subsistence allowance) of a soldier who dies or is reported missing are credited to the end of the month in which the casualty occurs. Therefore, the purchase of a bond is completed only in those cases where the casualty occurred during the sixth month or where advice of a casualty which occurred prior thereto is received subsequent to the end of the sixth month. In the latter case, an overpayment of assigned pay results which may be recovered from any credit balance accruing in the soldier's pay account.)

3. In those cases where the death, etc. of the soldier necessitates cancellation of the assignment of pay, the deductions recredited to the pay account form part of the service estate of the soldier and are transferred to the administrator of estates for distribution to those entitled thereto by law. This procedure is in accordance with the terms of the soldier's application for purchase of the bond.

Where purchase of the bond has been completed the person entitled thereto will receive the bond in accordance with the instructions given by the soldier in his application for purchase of the bond, or if the bond is deposited with the Department of Finance for safekeeping, that department will surrender it to the administrator of estates for inclusion in the service estate of the soldier.

4. Where purchase of a bond is completed, the interest accrues to those entitled thereto, either by receipt of the bond itself, or through distribution of the soldier's service estate.

In those cases where the purchase of a bond by assignment of pay is cancelled owing to the death, etc., of the soldier, pro rata payments of interest on the instalments recredited to the pay account are not made as no authority exists for such payments, nor are they provided for in the terms of the soldier's application for purchase of a bond.

*RADIO BROADCASTING—COMPLIMENTARY DINNER TO THE PRIME MINISTER ON AUGUST 7

Mr. DORION:

In view of the fact that, on the evening of the 7th of August next, there will be a political rally at the Chateau Laurier in Ottawa, and a provincial election will be held in Quebec on the 8th of August, what means will the government take to prevent, on those two occasions, infringement of section 22, subsection 4 of the Canadian Broadcasting Act of 1936?

Mr. MACKENZIE KING: Mr. Speaker, perhaps I had better answer this question. It evidently relates to the recognition of the twenty-fifth anniversary of my appointment as leader of the Liberal party by my fellow members in parliament who are generously tendering me a complimentary dinner on that evening at the Chateau Laurier.

Mr. GRAYDON: It is not a surprise, then?

Mr. MACKENZIE KING: May I say to my hon. friend that it was a surprise to me to see references in the papers to matters pertaining to this occasion of which I had no knowledge whatever. Among others was a reference to the fact that a nation-wide broadcast would be made by myself on that evening.

Mr. HANSON (York-Sunbury): National headquarters got the wires crossed.

Mr. MACKENZIE KING: No—if my hon. friend will just be courteous and allow me to make my statement. I should like to have the position made perfectly clear. When I saw in the press the statement that at the dinner there would be a broadcast by myself I immediately felt that some persons, perhaps a good many more than I had reason to feel might so regard it, might think that the occasion had been arranged from some political motive and that any address or remarks by myself on that evening would be made for purposes of furthering some political end.

I immediately ascertained who among my friends had the matter more immediately in hand. I not only spoke to them, but I put myself on record in a letter in which I stated that much as I appreciated the compliment of the dinner I felt I would have to decline to make any broadcast on that occasion, that were I to do so my own motives and the motives of the party would most certainly be mistaken. I asked that as some announcement had been made in the press to the effect that I would be broadcasting on that evening, a correction be made. I gave as my reasons not merely the possible misconstruction that might be placed on a broadcast at that time, but also my feeling that with the war at the stage at which it is at the present, I was the last one who would wish to be responsible in any way for possible further political controversy at this time. Moreover I pointed out that there was likely to be a provincial election; in fact, a provincial election in the province of Quebec had been mentioned. It was some days ago that I spoke of this matter. Since then it has been decided to hold provincial elections in both Alberta and New Brunswick. It is natural that some persons should have minds akin to that of the hon. member who has asked this question. I pointed out such persons would assume of course that there must be something sinister and ulterior about the proposed recognition of the occasion in the manner suggested.

I have noticed in this morning's paper the following statement which I think puts the matter in its true light. I shall quote it as I believe it has been sent to the press generally throughout Canada:

A speech Prime Minister Mackenzie King is scheduled to deliver August 7 at a dinner marking the 25th anniversary of his leadership of the Liberal party will not be broadcast, it was announced last night.

The committee in charge of arrangements for the dinner said in a statement that an earlier announcement that the speech would be broadcast over the national network of the C.B.C. was made before consultation with the Prime Minister.

The statement added that Mr. King felt that any broadcast which might be made "would almost certainly be construed as having a political motive and as such might give rise to political controversy." This, Mr. King is most anxious to avoid . . . particularly at this stage of the war and at a time when elections are being held in three of the provinces of Canada.

(Elections will be held in Quebec and Alberta August 8 and in New Brunswick August 28.)

I hope that what I have said and what appears in the press will be sufficient to make perfectly clear that neither the committee in charge of this complimentary dinner nor I myself have any desire to make political capital out of this recognition by my fellow members in parliament of the 25th anniversary of my election as leader of the Liberal party of Canada.

Mr. CRERAR: Perhaps I may be given the opportunity to add a word which the Prime Minister himself could not say because he did not know anything about it. The arrangements for the complimentary dinner for the Prime Minister were taken in hand over eight months ago. The Prime Minister knew nothing whatever about it, but from the beginning it was contemplated that it would be a proper occasion on which he might make a speech to the country over the radio. These assumptions and inferences, that this is something that has been arranged to influence the present political situation, are wholly without foundation whatever.

Mr. MACKENZIE KING: I should like to add this word. I saw in one of the papers of this city a statement to the effect that on that occasion I was to be made a certain presentation. May I say that I had no knowledge that the presentation there referred to was being considered in relation to myself. I knew of course that some steps had been taken to have certain things done but as to any presentation to myself of the character which was mentioned in that paper I had no knowledge whatever. When I saw the announcement I immediately recognized what I thought was a mischievous intent behind it and I wrote at once to members of the committee and said that I hoped no presentation of the character mentioned would be made to me on that occasion. I expressed the hope they would not feel that I was not fully appreciative of the compliment that was being paid to me and of the recognition which my party was seeking to give the 25th anniversary of my leadership, but that I would feel much happier if that particular feature of the occasion might be omitted.

QUESTIONS PASSED AS ORDERS FOR RETURNS

POST-WAR MEDICAL SCHOOLS

Mr. KNOWLES:

1. Have any plans been made or any funds appropriated by any department of the government for the building of medical schools or colleges in the post-war period?
2. If so, what amounts have been proposed for such an expenditure within each province?
3. If such plans have been made do they provide for any increase in the number of medical students? If so, to what extent in each province?

MOTOR LAUNCHES—PROTECTION OF TRAVELLING PUBLIC

Mr. CHURCH:

1. What steps, if any, have been taken to prohibit the sale of gasoline for motor launches that carry passengers for hire or otherwise, which have not been licensed and have not been inspected by any federal authority as to navigation safety?
2. Who is in charge of the enforcement of navigation or other federal laws herein to protect the public travelling in this form of transport?
3. Has the Minister of Munitions and Supply any control over small motor craft, and what has been done to regulate such craft?

BUSINESS OF THE HOUSE

SOLDIERS' GRATUITIES AND SOLDIERS' INSURANCE LEGISLATION

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I have two questions to direct to the Prime Minister. I would ask him whether the government proposes to introduce at this session a bill with respect to soldiers' gratuities or mustering-out pay, and secondly whether there is any truth in the rumours that there is to be a bill this session covering soldiers' insurance.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I am not in a position to give my hon. friend a definite reply to the two questions asked as both matters at the present time are still under consideration.

PRISONERS OF WAR

REPORTS AS TO THREATENED EXECUTION OF ALLIED AIRMEN IN JAPAN

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I should like to ask a question of the Prime Minister, of which I have given him notice. The newspapers of Saturday last carried a dispatch from American news sources which indicated that the Japanese government had renewed its threats to execute any allied airmen caught landing in Japan. If substantiated, this latest evidence of callous disregard for international conventions would seem to call for a strong protest from the governments of the united nations. I would be glad, therefore, to have the Prime Minister's comments on the situation; and perhaps he will indicate what steps Canada may take.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, may I say in reply to my hon. friend that the press report to which he has referred has still to be verified, but I would agree entirely with him not only as to the desirability but the necessity of the strongest protest from the governments of the united nations being made should there be any grounds for believing that these reports are correct.

HOUSING

INQUIRY WITH RESPECT TO REPORTED EVICTIONS IN TORONTO

On the orders of the day:

Mrs. DORISE W. NIELSEN (North Battleford): Mr. Speaker, I should like to direct a question to the Prime Minister. This morning I have received two telegrams from Toronto to say that a woman and her five children are to be evicted from their home in that city on the morning of the seventeenth. She is the wife of a service man who has been serving overseas for four years. Does the government propose to take any action to prevent such disgraceful things happening again?

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I say to my hon. friend that I heard over the radio this morning a reference to the matter which she states at the present moment has been referred to her by telegram. My intention was to have the representations considered by the cabinet at its first meeting, but I now have reason to believe that the eviction will not take place. At any rate at its first meeting the government will consider what was stated this morning.

DOMINION ELECTIONS

MEASURE TO ENABLE WAR SERVICE PERSONNEL TO VOTE IN GENERAL ELECTIONS—CONCURRENCE IN SENATE AMENDMENTS

Hon. N. A. McLARTY (Secretary of State) moved the second reading of and concurrence in amendments made by the Senate to bill No. 135, to provide regulations enabling Canadian war service electors to exercise their franchise, and Canadian prisoners of war to vote by proxy, at any general election held during the present war, also to provide amendments to the Dominion Elections Act, 1938, consequential to such regulations, or made necessary by the advent of the said war.

He said: Mr. Speaker, the other house has returned this bill with two amendments. I shall not at this stage deal with them at any length but might explain them briefly.

The first amendment is to section 5, by adding the words, "at the time of the passing of this act". The intention and effect of that is that in the event of any provincial legislature deciding that it should disqualify electors by reason of racial origin between the time of the passing of this act and the next election, this amendment will not prevent the affected parties mentioned in such measure from voting.

The next amendment is to section 11. That section deals with those clauses of the bill that will apply only to an election held within the present war and within a period of six months thereafter. I think from the wording of section 5 it might be argued, in fact it is made clear that it could apply only at the time this country is at war, because it states specifically that any disqualifications are those of a country which is at war with Canada. Members of this house, especially legal members, will agree that a statute always speaks in the present tense, but notwithstanding that, the endeavour has been made to make it clearer. I believe, Mr. Speaker, there is no objection to concurrence in the amendment. It might be argued that it makes assurance doubly sure and there could be no exception taken to that. Consequently I am prepared to move concurrence in the amendment. But I also wish to move another amendment consequential to the senate amendment, and that is:

That the following words be added to the words "at the time of the passing of this act": "namely, July 1, 1938, and on the date of the declaration of such war resided in a province in which on those dates."

The effect of that is simply this. There has been some criticism of the disqualification of certain members of the Japanese race even though we are in the midst of a bitter and grim war, and the result of this amendment will be that no one who has enjoyed the right to vote will be disqualified. In other words, the right of the Japanese race to vote will be unimpaired in so far as they previously enjoyed that right. I believe this will meet the situation. I do not think, no matter how broad-minded we may be, that at a time of war we should consider extending the franchise to those of an enemy race, and any other provision in the act will unquestionably have that effect. This leaves the right of those of the Japanese race who had the right to vote unimpaired, untrammelled, and uninterfered with. I believe that will meet with general approval in all sections of the house, and I consequently move that the senate amendment be concurred in as well as the motion I have proposed.

Mr. HANSON (York-Sunbury): I would ask the minister what the rights were previously so far as the Japanese are concerned. Were they in any degree impaired except in one province?

Mr. McLARTY: I am not sure that I get the exact significance of the hon. member's question. British Columbia is the only province in which any person is barred on account of his being a member of the Japanese race.

Mr. HANSON (York-Sunbury): So that in other provinces there has been no barring and there will be no change?

Mr. McLARTY: That is correct.

Mr. SPEAKER: Perhaps it might be well if I were to read the amendments and the effect of them as I have them here:

That the amendment made by the senate to section 5 of Bill No. 135 be agreed to with the following consequential amendment:

That the following words be added to the words "at the time of the passing of this act": "namely, July 1, 1938, and on the date of the declaration of such war, resided in a province in which on those dates"; and that as a consequence, for greater clarity, paragraph (n) of the said section be made to read as follows:

"Every person residing in Canada whose racial origin is that of a country at war with Canada, if such person, at the time of the passing of this act, namely, July 1, 1938, and

on the date of the declaration of such war, resided in a province in which on those dates a person of his racial origin was disqualified from voting at an election of a member of the legislative assembly of that province, and who did not serve in the naval, military or air forces of Canada in the war of 1914-1918 or in any subsequent war in which Canada may be engaged."

That the senate amendment to section 11 be agreed to.

Mr. CLARENCE GILLIS (Cape Breton South): It is unfortunate at this stage of the session that we are obliged to take part in a debate on this measure. I am speaking as a member of the committee that assisted in drafting the war service voters regulations. I had hoped that the amendment the government would propose would not make it necessary for members of this group to precipitate a debate on this bill. Unfortunately I cannot agree that the amendment proposed by the Secretary of State consequent upon the amendment made by the senate to section 5 of this bill meets the situation as I understand it.

Perhaps it is just as well to have a brief review of matters leading up to the passage of this particular bill. I wish to make it quite clear that as a member of the elections committee who helped to draft—

Mr. SPEAKER: Order. I understand that the hon. member is proposing to give a history of what has happened prior to this.

Mr. GILLIS: No.

Mr. SPEAKER: I would point out that we have before us amendments made by the senate and a motion proposed by the Secretary of State. I would ask hon. members to confine themselves to the terms of these amendments as we have them.

Mr. GILLIS: I had no intention of doing that, Mr. Speaker. I merely wished to review the matter before the house because I think it requires clarification both here and in the country so far as the amendment now under discussion relates to clause 5 of the bill. What I wish to make clear as a member of the committee who drafted the war service voters regulations is that we had nothing to do with the drafting of the amendment that is now before the house.

Mr. McLARTY: I made that clear in the debate in committee of the whole.

Mr. GILLIS: That is right. The committee on dominion elections presented their report in the house on April 28, but that report had simply to do with war service voters regulations. When the Secretary of State introduced his bill he informed the house in a brief statement that the committee on war service voters regulations were unanimous in their approval, which was quite correct. Most of the members who served on the committee drafting war service voters regulations had no knowledge of the matter now before the house.

Mr. McLARTY: I made that quite clear.

Mr. GILLIS: That is right. Therefore, when the Secretary of State introduced the resolution in the house on June 8 there was no bill. Second reading was given to the bill on June 9. There was still no bill in the hands of the members of this house when it was given second reading. The leader of the opposition (Mr. Graydon) asked whether it had been printed or not. The reason I mention this is that every member of this house is desirous of correcting a mistake that was made at that time. At the time I spoke on the bill I had not seen it. I came to the house at a moment's notice. The matter was under discussion. I thought the bill merely had to do with the matters that the committee on war service voters regulations had passed on; and without any reservation I gave my support to the bill. After getting a chance to sit down and go over the bill I was surprised to see that this addition had been made. What I am concerned with is something that should not have been done in this bill, namely, to include amendments to the elections act which greatly change the exercise of the franchise in a federal election. I think it was the wrong place to make the amendment. It should not be pinned to the war service voters regulations. As one member of the committee who studied that question, I merely wish to make it clear that had we had knowledge of that proposal and if there had been an opportunity to discuss it it certainly would not have received my support in any way, shape or form.

The amendment made by the senate does not, in my opinion, cover the objection, and the amendment now made by the Secretary of State does not clarify it to my satisfaction. What I am concerned about is that in the exercise of the franchise in Canada we are still practising racial discrimination, as the bill now stands. While we know that the war with Japan is a serious matter and that many atrocities have been committed by the people of that country, there is no reason why we should try to duplicate the performances of that country. Canada is a country that is made up largely of minority groups. From day to day we read of the atrocities committed by Germany against our prisoners, people who are helpless to defend themselves. No one

has ever suggested that we should interfere with the exercise of the franchise by German residents of this country.

Mr. McLARTY: Would the hon. member permit one question?

Mr. GILLIS: Certainly.

Mr. McLARTY: Is he urging the extension of the franchise to the Japanese at the present time—that the franchise be widely extended?

Mr. GILLIS: What we are urging at this time is that while British Columbia has seen fit to deny the exercise of the franchise to persons of Japanese origin, this House of Commons should not extend that racial discrimination to the rest of Canada through the medium of an amendment to the Dominion Elections Act.

Mr. MACKENZIE KING: The amendment meets the very point my hon. friend has raised.

Mr. McLARTY: In the amendment we are not denying the franchise in any way.

Mr. KNOWLES: The prohibition is being extended throughout Canada.

Mr. GILLIS: It certainly has not been made clear that we are not. We received this amendment only a few moments ago. The wording of the amendment now before the house is as follows:

> Every person residing in Canada whose racial origin is that of a country at war with Canada, if such person, at the time of the passing of this act: namely, July 1, 1938, and on the date of the declaration of such war, resided in a province in which on those dates a person of his racial origin was disqualified from voting at an election of a member of the legislative assembly of that province, and who did not serve in the naval, military or air forces of Canada in the war of 1914-1918, or in any subsequent war in which Canada may be engaged.

That is a pretty ambiguous amendment.

Mr. McLARTY: No, it is quite clear. If he resided in a province until the date of the declaration of the war then no other province is affected; no one residing in any other province is affected.

Mr. GILLIS: This is the way I understand the amendment. No person of Japanese racial origin who resided in British Columbia on the date mentioned in this amendment and has since moved to another province in Canada may vote. He is deprived of the franchise in that province.

Mr. McLARTY: Not on the date mentioned; on the declaration of war.

Mr. MACKENZIE KING: He never had it.

Mr. McLARTY: I hesitate to interrupt; I will not do it again. You cannot take away from a person something he did not have. You are not depriving him of any right that he had because he never had the right. To keep the record straight the date is July 1, 1938, which is the date of the passing of the general elections act; but the effective date is the date of the declaration of war with the Japanese empire.

Mr. GILLIS: You are taking something away from him. It is true he did not have the vote in British Columbia, but if he moved to Ontario or Quebec, where that kind of law is not in effect, he would have the right, if it were not for this particular bill, to exercise his franchise in a dominion election.

Mr. McLARTY: He has the right if he moved before the war.

Mr. GILLIS: That is the change. Most of these people have moved since the outbreak of the war.

Mr. MACKENZIE KING: May we understand clearly what my hon. friend is asking? Is he asking that Japanese who had no right to vote in a federal election prior to the war shall now be given the right to vote if they happen to be in some part of Canada other than British Columbia? That is the point. Does he want that? If that is what he wishes, let him state it. Let him explain what he means. Is he asking for the conferring of the right to vote on a large number of Japanese who would not have that right had they not been moved for reasons connected with the war and for the security of Canada during the war?

Mr. GILLIS: That is exactly what I am asking, Mr. Speaker, and I am going to state my opinions on the matter, very briefly. I believe that any person who was permitted to enter this country and become a citizen of it should have the full rights of citizenship. That is my opinion, and that is particularly so in regard to those born in Canada, who are Canadians because of that fact.

Mr. CRUICKSHANK: If the hon. member will permit a question, is that the hon. member's personal opinion, or is it the official opinion of the party?

Mr. GILLIS: That is official, from the party.

Mr. LOCKHART: Does that apply to British Columbia, too?

Mr. GILLIS: I hope you will note these interruptions, Mr. Speaker. I am not speaking for British Columbia; I am speaking for the members of this group.

Mr. SPEAKER: If the hon. member does not so wish, he may not be interrupted.

Mr. GILLIS: Thank you. I am not concerned about the Japanese only; I am concerned about the people of every racial origin in this country.

Mr. McLARTY: The Japanese are the only ones involved.

Mr. GILLIS: Yes; you are practising racial discrimination so far as this particular group is concerned. There is something else I want to make clear. I remember vividly the fight that was put up thirty-five or forty years ago when the Japanese were brought into this country; certain sections of Canada did their best to keep them out. The Canadian Pacific Railway Company and other employers in this country were concerned with bringing them in so that they might obtain cheap labour to serve their purposes.

Mr. REID: Not the Japanese; the Chinese.

Mr. STIRLING: That has been denied time and again.

Mr. GILLIS: It would not be very hard to dig back into the records and prove that statement. The present attitude is a surprise to me in view of what I find in *Hansard*, in booklets and pamphlets issued by the Liberal party, and in official statements by the Conservative party. These statements are very liberal, and I think they indicate the policy that must be followed if we are to make progress in the future. This country has to be populated. We have no Japanese in Nova Scotia—

Mr. CRUICKSHANK: No; that is the reason.

Mr. GILLIS: If we think we, eleven and a half million people on this half of the continent of North America, can set ourselves up as a super race and bring in slaves to work for us, at the same time denying them the rights of citizenship, certainly that is not in accordance with statements made in this house by both the Liberal and Conservative parties. I am much concerned, Mr. Speaker, when those who are conducting the affairs of this nation can make a statement this year and twist it around next year, particularly when it has to do with basic principles, without any regard to what was said the year before. The Minister of Pensions and National Health (Mr. Mackenzie) is a British Columbia member. I should like to quote the opinion he expressed on a former occasion. I refer to page 4487 of *Hansard* for June 29, 1934, when the Dominion Franchise Act was under discussion in relation to the Doukhobors. The minister had this to say:

> If these people refuse to obey our laws they should be punished, but I think disfranchisement is the wrong form of punishment. It is an invidious distinction. I hold no brief for these people as I think they deserved the punishment which the attorney general and the government of the day in British Columbia meted out to them, but I think it is a bad precedent for this parliament to follow.

The minister was very anxious at that time to protect the right of the franchise with respect to a minority group. Again, at page 4530 of *Hansard* for June 30, 1934, I find this discussion:

> Mr. Bennett: . . . If they are not willing to become citizens of Canada and openly defy the law, then they should not be permitted to vote as citizens.
>
> Mr. Mackenzie King: In view of what the Prime Minister has just said, may I ask him this question: Would not a better way to proceed have been to enact in the franchise act that any person who defies the law to the extent of refusing to be enumerated as a Canadian citizen shall not be qualified to vote?
>
> Mr. Bennett: That cannot be done.

The portion of the discussion with which I am concerned follows:

> Mr. Mackenzie King: Then innocent parties should not be discriminated against, or as Burke says, you cannot indict a nation; no more can you indict an entire race or all members of any religious sect.

I agree with that statement. In the last thirty years I have had some considerable experience with many minority groups in Canada, and I think I am safe in saying that most of such groups, and this includes the Japanese, came to this country as refugees from the order of society which has developed in those countries. Hon. members may say that is not so. Discuss the matter with them individually and personally. They are prepared to obey the laws of Canada. Many of them have taken out citizenship papers. Thousands were born in this country. To-day many of them are fighting in the army of the United States. They are not in the Canadian army because they are not permitted to join it. During the last war I served with a unit which had as reinforcements part of a battalion of Japanese raised in British Columbia, and we considered them to be very competent soldiers. At least five Purple Hearts have been won by Japanese soldiers with the American armies fighting the legions of Mussolini in Italy.

Mr. NEILL: On a point of order, Mr. Speaker, there was never a battalion of Japanese raised in British Columbia.

Mr. CRUICKSHANK: Only seventy-four Japanese enlisted in all Canada.

Mr. MACKENZIE (Vancouver Centre): No; over two hundred.

Mr. GILLIS: I am not going to argue with hon. members, but I remember distinctly getting reinforcements in October, 1916, which consisted of about 175 Japanese from British Columbia.

Mr. GIBSON: Japan was our ally then.

Mr. GILLIS: That is all right. Thousands of Japanese who are in Canada to-day came here at or about that time, and they have been living here ever since, making their contribution. As I said before, when you start to interfere with the liberties of one section of the people of Canada the time is coming when it will apply to every section. It is really a matter of setting a precedent. My stand is that if we permit a man to enter this country, give him the right to work and accept him as a citizen, we are under an obligation to go all the way with him. If we keep these people segregated in their own groups, refuse them the right of citizenship and so on, how can we expect to make citizens of them? If we are not going to make citizens of them certainly we should not have them in the country. Either they should be here on the basis of full citizenship or they should not be here at all.

I have no doubt it was in the rush of business that this thing got through the house. I should like to see section 5 deleted completely, but I know that cannot be done at this point. The only thing we can do is attempt to correct the senate amendment in the best way possible to meet the situation. In that connection I am going to move a subamendment, seconded by Mr. Knowles:

That all the words of the amendment moved by the Secretary of State after the word "that" be deleted, and the following substituted therefor:

"the motion for concurrence in the senate amendment to clause 5 be amended as follows: That the word 'the' after the word 'at' in the proposed amendment be struck out and the word 'a' substituted therefor, and that all the words after the word 'time' be struck out and the following words substituted therefore: 'subsequent to the next general election'."

I have no intention of going into a long debate in the matter. I merely wish to make it clear that we are opposed to racial discrimination in any way, shape or form as applied to any section of Canada where minority groups are accepted as citizens. This subamendment merely means that section 5 of the present bill would remain inoperative in the next general election. The matter would remain as it is, or as it was prior to the passing of this section of the bill. By the time this house convenes again there may be a new parliament. But if it is not a new parliament, the members of the house have the right and privilege of going into the elections act and tightening the act as they may wish, or changing it completely. What I wish to make clear is that we are not satisfied with it, and we want to try to undo any harm that was done in the rush of putting this bill through the house.

Mr. MACKENZIE KING: On a point of order, from what my hon. friend has said at the very conclusion of his remarks it would seem that his amendment is intended to leave matters as they were prior to the carrying of section 5. That, as I understand it, is the intention of my hon. friend's amendment. If that is so, its effect is the same thing as that of the amendment moved by the Secretary of State. Therefore, being to all intents and purposes the same amendment in its effect, it could not be considered by the house.

In what I am saying I have referred to what I understood the hon. member to have said about his amendment. I am not referring to anything he may have had to say with regard to the general question of the right of all persons to vote. That is another matter.

Mr. SPEAKER: I shall read the subamendment. It is as follows:

That all the words of the amendment moved by the Secretary of State after the word "that" be deleted, and the following substituted therefor:

"the motion for concurrence in the senate amendment to clause 5 be amended as follows: That the word 'the' after the word 'at' in the proposed amendment be struck out and the word 'a' substituted therefor, and that all the words after the word 'time' be struck out and the following words substituted therefor: 'subsequent to the next general election'."

This would mean that the following words be added: "At a time subsequent to the next general election". That is the effect of the subamendment.

Mr. STIRLING: Mr. Speaker, would you read section 5 as amended?

Mr. MACKENZIE KING: Yes, let us have that.

Mr. SPEAKER: Section 5, as proposed, would be as follows:

Every person residing in Canada whose racial origin is that of a country at war with Canada, if such person, at the time of the passing of this act, namely July 1, 1938, and on the date of the declaration of such war, resided in a province in which on those dates a person of his racial origin was disqualified from voting at an election of a member of the legislative assembly of

that province, and who did not serve in the naval, military or air forces of Canada in the war of 1914-18 or in any subsequent war in which Canada may be engaged.

Mr. HOMUTH: That extends the franchise.

Mr. NEILL: Mr. Speaker, would you read the amendment again?

Mr. MACKENZIE KING: Yes, let us have it again.

Mr. SPEAKER: The amendment by the hon. member for Cape Breton South is:

That all the words of the amendment moved by the Secretary of State after the word "that" be deleted—

Mr. MACKENZIE (Vancouver Centre): From what?—from the amendment?

Mr. SPEAKER: I would suppose that would mean from the section of the bill. It states:

That all the words of the amendment moved by the Secretary of State after the word "that" be deleted, and the following substituted therefor:

"The motion for concurrence in the senate amendment to clause 5 be amended as follows: That the word 'the' after the word 'at' in the proposed amendment be struck out and the word 'a' substituted therefor, and that all the words after the word 'time' be struck out and the following words substituted therefor: 'subsequent to the next general election'."

Mr. MACKENZIE (Vancouver Centre): The intention of that amendment is therefore obvious. The disqualification does not refer to a disqualification previously existing from July 1, 1938, or at the outbreak of war. The disqualification would refer to a time after the holding of the next election.

Mr. KNOWLES: That is right.

Mr. MACKENZIE (Vancouver Centre): That is destructive, completely, of the principle now before the house.

Mr. KNOWLES: That is right.

Mr. MACKENZIE (Vancouver Centre): I am glad to have that admission. This is a direct negative, and therefore I submit it is not in order.

Mr. SPEAKER: I am not inclined to agree that the hon. member intends a direct negative. I take it that it would read so that all the words of the amendment moved by the Secretary of State would be deleted, and it would substitute therefor "at a time subsequent to the next general election."

Mr. NEILL: Mr. Speaker, I rise to another point of order, if you have decided the first one. I would refer to citation 589 in Beauchesne's Parliamentary Rules and Forms, second edition. We are now dealing with an amendment to a vote for concurrence, which is rather an unusual thing. It is laid down in this citation that—

No amendment can be proposed to the senate's amendment save an amendment strictly relevant thereto; nor can an amendment be moved to the bill, unless the amendment be relevant to or consequent upon either the acceptance or the rejection of a senate amendment.

I suggest that this proposed amendment is not relevant to the amendments, nor is it consequent upon them. The word "consequent" means following upon. Taken literally, "consequent" would mean that if a motion were proposed to strike out section 4, and in the event of that section being stricken out it became necessary to renumber the following sections, an amendment to renumber would be "consequent." It would be a trivial correction consequent upon having accepted another amendment. We might then have to renumber certain sections. The proposal of the hon. member for Cape Breton South is not consequent, nor is it particularly relevant. It might be relevant, but it certainly is not consequent. Then, let us look at the bill. Hon. members know that explanations are written on the right hand pages in the bill. That is the law. The explanation appearing opposite this section reads:

This provides a disqualification from voting at a dominion election of persons of the Japanese race.

Those are the words which explain what section 5 means. The speech of the hon. member for Cape Breton South indicates that he wishes that the Japanese shall vote. Therefore it cannot in any sense be held to be consequent. I suggest therefore that it is not consequent, that it is not relevant, and that it is out of order.

Mr. SPEAKER: The amendment which I have read already, and the amendment to the amendment, would read as follows:

Every person residing in Canada whose racial origin is that of a country at war with Canada at a time subsequent to the next general election—

That is the amendment. Then the amendment moved by the hon. member deletes all the words following and its result would be that the section would then convey no meaning. It would not mean that any person of that racial origin would have the right to vote, because it deletes the following words:

—and on the date of the declaration of such war, resided in a province in which on those dates a person of his racial origin was disqualified from voting at an election of a member of the legislative assembly of that province,

and who did not serve in the naval, military or air forces of Canada in the war of 1914-18 or in any subsequent war in which Canada was engaged.

Those words are struck out and therefore the amendment as proposed conveys nothing. It makes no provision for voting, and therefore it is not in order.

Mr. S. H. KNOWLES (Winnipeg North Centre): Do I understand, Mr. Speaker, that you have ruled the amendment out of order?

Mr. SPEAKER: Yes.

Mr. KNOWLES: Speaking then to the motion of the Secretary of State for the adoption of the senate amendment as amended by the Secretary of State, I should like to make a few comments. It seems to me that what is at stake here to-day is not so much the rights of certain Japanese Canadians who have moved from British Columbia to other parts of Canada, as the basic concept of democracy and our integrity as a nation so far as our belief in the franchise is concerned. I feel I should take a moment or two to place on the record some quotations relevant to this question of disfranchising a group of people by race.

I hold in my hand a bound volume of political pamphlets which I obtained from the library and which includes a musty document entitled, "The Liberal Point of View. Current Comment on the Proceedings of the Parliamentary Session of 1920." I should like to read from that document, as follows:

The great principle underlying the present franchise law is that all men and women shall vote—that the basis of the franchise shall be humanity. Still there are members and members of parliament who cling to the notion that they are dispensing a sort of charity when they allow men and women to vote—that they are political almsgivers—that they have the right to pick and choose and say who is to vote and who is not to vote.

I will skip a sentence or two which had to do with the political situation existing at the time, then I quote further:

The franchise law—

Mr. MACKENZIE KING: I think my hon. friend had better read the part he is omitting, so that we shall have the full text.

Mr. KNOWLES: Perhaps the Prime Minister is right. The part I intended to omit reads:

The pretension is all the more ridiculous when it is remembered that the present government and the members of parliament upon whose support it relies are mere usurpers, who in a fair and democratic election would be shorn of their power by the voice of the people.

I was sparing the right hon. gentleman that sentence. I continue:

The franchise law contains a lot of pedantic rubbish about "aliens", which the Liberals—

My whole point in speaking to-day is that many liberals—I use the small "l"—are with us on this. I continue:

—and other progressive members of the house have tried to clear away. The House of Commons, not as a despotic ruler, but as a trustee for the people, may have a right to associate good citizenship with the franchise. Good citizenship is not a matter of race or birth. It is a matter of conduct. It is a matter of the relationship of a man towards his family and his neighbours and the community in which he lives. Any one of the constituencies which elect representatives to parliament is probably a better judge of these qualifications than parliament itself. The duty of fixing the qualifications is assigned to parliament in a general way. But parliament is only a referee and should do its duty modestly, not in an arrogant fashion.

The man of foreign or alien birth or descent is in a peculiar position. He came to us with traditions that are European rather than Canadian. He came upon our invitation. We ought not to have invited him unless we expected to make him a good citizen of Canada, for we do not want men and women in Canada who, as Mr. Pardee says, are in no man's land.

There is a great deal of talk of Canadianizing the foreigner and make him a good citizen. All right if we are sincere, and if we carry our ideas to their logical conclusion. If we desire to educate the foreigner or the alien, we must assume toward him an attitude of sympathy and confidence, not of suspicion. We should invite him to our councils. We should tell him that the institutions of our country, our legislative bodies and courts are his institutions too, that they are intended to protect him and promote his interests and that we want him to take his part in framing and maintaining them.

It is an extremely foolish notion that by depriving a man of alien birth or descent, of the vote, we can keep him out of mischief. If there were a really vicious malignant enemy of Canada in our midst, he would not care whether he had a vote or not. He would take no pride in citizenship. He would not desire to have a part in working the institutions of the countries. He would prefer to see those institutions destroyed. The man or woman who is really hurt by defranchisement is the man or woman who is friendly to Canada, who wants to be a citizen, who desires to have a part in working the institutions of Canada. Deprive such a man or woman of the franchise and you may convert a friend into an enemy, or at least quench the flame of friendship and patriotism and create a class of man and woman who will be indifferent to Canadianism. Let us take the opposite course. Let us kindle the flames of Canadianism and patriotism by a policy of friendship and confidence toward men of every race and creed.

Mr. MACKENZIE KING: My hon. friend made some reference to myself. Was he intimating that I had written that particular document?

Mr. KNOWLES: I do not believe that I associated the Prime Minister's name particularly with the authorship of this document.

Mr. MACKENZIE KING: My hon. friend said that he was sparing my feelings for some reason. It is a very good document.

Mr. KNOWLES: I was referring to the sentence I had left out, to the effect that the government had not the confidence of the people.

Mr. MACKENZIE KING: What is the document my hon. friend is reading from?

Mr. KNOWLES: Here is its full title:

The Liberal Point of View.
Current Comment on the Proceedings of the Parliamentary Session of 1920.
National Liberal Committee, 115 Sparks Street, Ottawa.
Honourable W. L. Mackenzie King, M.P., Liberal Leader.
Andrew Haydon, National Organizer and General Secretary.
John Lewis, Editor of Liberal Publications.
Publication No. 4—Issued June 15.

I suggest that my right hon. friend look it over himself, because there is a lot of good stuff in it.

Mr. MACKENZIE KING: It is a document written by the late Senator John Lewis, and I think it is an excellent document.

Mr. KNOWLES: I would remind the Prime Minister that in 1917, when somewhat similar circumstances prevailed before the house, his former leader, Sir Wilfrid Laurier, moved the following motion on September 10 of that year:

That this bill be not now read a second time but that it be resolved that the abridgement by this parliament of the electoral franchise now enjoyed in any province of the dominion by any class of His Majesty's subjects would be contrary to the peace, order and good government of Canada.

Had we caught this clause on the second reading of the bill nothing would have been more proper at that time than to move the amendment moved by Sir Wilfrid Laurier in 1917 and in exactly those words. Unfortunately with the way things happened on June 9 it is now necessary for parliament to try to fix this up in the best way possible. My hon. friends who know me sometimes criticize me because I watch things in too great detail. I confess that I do it, but I missed that one completely. Why? Because we were given assurances inside and outside of the house that what we had before us in bill No. 135 was the enactment of the work that had been done by the special committee on which my colleague the hon. member for Cape Breton South (Mr. Gillis) sat.

Mr. McLARTY: I must correct the hon. member in that. In my remarks before the committee of the whole I made it perfectly clear that the part which the committee had dealt with, and the only part, was schedule 1 of the bill; that the committee had made a recommendation in regard to schedule 2 but had not considered it clause by clause, and no reference of it to the committee had been made.

Mr. KNOWLES: That is exactly the trouble. No reference was made to it. What happened was this. The hon. member for Vancouver South (Mr. Green) on June 8 asked this question—

Mr. McLARTY: It is a misconstruction to say that no reference was made. It was made quite clear that no reference was made to the committee of the wording of the bill itself. I do not mean that no reference was made to the bill, but no reference was made to the committee.

Mr. KNOWLES: At no time was any suggestion made that there was such a clause in this bill. I doubt if any private member of the house knew that that clause was in there. We took these assurances because we were not of a suspicious frame of mind. We should have been. People outside the house who now read *Hansard* and see what happened think that we were asleep. They read *Hansard* and see that this bill was brought down with this clause in it and that we passed it without saying a word about it.

I go back to the resolution which was introduced by the Secretary of State preceding the introduction of the bill relating to the war service voters, and it reads—now I quote—"to provide amendments to the Dominion Elections Act, 1938, consequential to such regulations." Consequently when the bill came before us from the committee, we did not read it in detail because we thought that the only things to be found in it were things consequential to the regulations to provide for the taking of the soldiers' vote. But subsequently the Toronto *Saturday Night*, the Winnipeg *Free Press* and other papers began to look through the bill and drew this clause to our attention and to the attention of other members of the house and the country generally.

I was going on to point out when I was interrupted that the hon. member for Vancouver South on June 8 asked this question in the house at page 3643 of *Hansard*:

Will the minister tell us whether or not the recommendations have been accepted in full and, if not in full, in what way they have been varied?

Mr. McLarty: I wonder if the hon. member is referring to the specific regulations adopted by the special committee dealing with war service electors. If he is, they have been

adopted in full, as have the provisions which were recommended by the special committee in connection with granting votes by proxy to prisoners of war and those interned in neutral countries. I wonder if that answers the hon. gentleman.

Mr. Green: Apparently the regulations have been adopted in full?

Mr. McLarty: That is correct.

Mr. McLARTY: That is correct.

Mr. KNOWLES: Yes, it is correct, but look how we were put off the track by it. Then the hon. member for Vancouver South went on to ask this question:

Mr. Green: Without any variation?

Mr. McLarty: There might be the change of a word, but nothing material.

When the Secretary of State stated that there was nothing but the change of a word, nothing material, so far as the regulations are concerned, we thought that that covered the whole story. But instead of that here we have this bill with this clause in it which I submit is a violation of the basic traditions of Liberalism down across the years.

Mr. GREEN: On a point of order, there were further questions which I asked of the Secretary of State, and if the hon. member for Winnipeg North Centre will read them he will see that they put a different construction upon the matter.

Mr. KNOWLES: I am willing to take the time to read them, but you will find nothing there that makes reference to any clause in the bill having anything to do with other than amendments to the soldier vote regulations and consequential amendments. Then we find that there is something that was not consequential at all, and that makes me suggest that the resolution itself was not properly worded in the first instance.

Mr. REID: Had not the members of the house the bill before them at the time of the second reading?

Mr. KNOWLES: I was just coming to that. On April 26 the report of the committee was tabled. We in our group had studied that report. We held two or three special caucuses upon it, and so we knew just what was in that report. We were satisfied with it. Now to come back to the question which the hon. member for New Westminster (Mr. Reid) asked, the resolution was passed and the bill introduced and given its first reading on June 8. On that occasion the leader of the opposition asked the Secretary of State if the bill had been printed, and the Secretary of State replied in the affirmative. The next morning several of us tried to get copies of the bill but were unable to do so. Later that day, in the afternoon at three o'clock, the leader of the opposition rose on the orders of the day and called the attention of the Secretary of State to the fact that he had been told that the bill had been printed but that the members of his group were not able to get a copy of it. The Secretary of State replied that he thought he was stating the facts as he knew them when he made his reply the day before, but that he had found out since that although the bill had been printed it was not yet bound or made available to hon. members. So that we still did not have the bill on June 9. The bill was placed on our desks at the actual moment that second reading was called on the night of June 9. I was here and I have a vivid recollection of it. I had not read the bill and I doubt if any members of the house had read it. We had for six weeks studied the details of the soldiers' vote regulations, which we were assured was all that the bill dealt with, and so long as we were satisfied with the regulations we felt that we were doing our full duty.

Mr. McLARTY: I do not wish to interrupt the hon. member, but he will find at page 3643 of *Hansard* that it was made amply clear that the committee had dealt only with schedule A, and not with schedule B, and there was no suggestion that the bill was at any time before the special committee. I therefore feel that my hon. friend's suggestion that in some way the thing was hidden from the house is not an honest one or a fair one, Mr. Speaker.

Mr. KNOWLES: I have not said that the bill was before the committee. I have said that it was not before anybody.

Mr. McLARTY: The bill was in the hands of the hon. member both at the time of the second reading and in committee of the whole. It was right there in the form in which it is at present.

Mr. KNOWLES: I have often had occasion to object in the house when bills were called for second reading and we did not have a copy of the bill in advance, but I felt that I was making a nuisance of myself always to ask to have these bills before us.

Mr. McLARTY: There was no suggestion of urgency on the part of the sponsor of the bill. It was not suggested that there was any hurry or any urgency to get the bill through. It was there just the same as any other bill.

Mr. REID: The hon. member for Comox-Alberni (Mr. Neill) had the bill before him, because he said it contained one and one-half pages and then the schedules. That was on the second reading of the bill.

Mr. McLARTY: Had the hon. member for Winnipeg North Centre read the explanatory note on section 5 of the bill?

Mr. KNOWLES: We only got the bill when the second reading was called. We did not have it the morning before, as we should have, and we were not suspicious. We did not have any reason to go into the details of the bill because we had gone into the details of the lengthy schedules attached to it.

Mr. McLARTY: Explanatory note to section 5, consisting of two lines, was perfectly clear. It reads:

> This provides a disqualification from voting at a dominion election of persons of the Japanese race.

There was no suggestion of trying to influence the house improperly. The explanatory note was there and it would not take more than a few seconds to read.

Mr. KNOWLES: I am satisfied that I am not the only member of the house who did not see it in the rush and feels this way about it. There are a good many members with good liberal blood in their veins who, if they had noticed this clause, would have had something to say about it on this occasion. As soon as the bill had been given its third reading it was given publicity and there has been a good deal said about it throughout the country. I have already referred to some of the publications, such as Toronto *Saturday Night* and the Winnipeg *Free Press,* which have done particularly good work on it. The *Free Press* has dug up not only the quotations I have referred to but others back in *Hansard* across the years. The *Free Press* has this interesting statement to make:

> It is certainly to be hoped that British Columbians who call themselves Liberals will not sink to this apostasy of Liberal principles, and it will be a sorry day if the Liberal party has to learn its Liberalism from the socialists.

That comes from an editorial in the *Free Press,* the title of which is "The C.C.F. Shows Courage", and everyone knows that the *Free Press* does not go out of its way to hand compliments to the C.C.F. In this matter, however, they have carried on a consistent fight to have this business changed before parliament rises.

Mr. HOMUTH: Do you always believe what the Winnipeg *Free Press* says?

Mr. KNOWLES: Oh, no. More often than not it is wrong, but when it is right I do not mind saying so. Even the hon. member for Waterloo South (Mr. Homuth) is right on occasion, and when he is I do not hesitate to say so. But not only are newspapers and periodicals working on the matter. Organizations covering a wide range of public thought have been interesting themselves in this question. In this instance I have received communications from boards of trade and trade unions, and frequently when you get communications from these bodies they are on opposite sides of the fence. But this time they are on the same side. I have had communications from a number of church organizations. The United Church of Canada has been particularly active in the matter, and we have seen activity on the part of the National Inter-church Advisory Committee on the Resettlement of Japanese Canadians. This is headed by five of the largest Christian communions—the Roman Catholic archdiocese of Toronto, the United Church of Canada, Church of England social service, the Baptist convention of Ontario and Quebec, and the Presbyterian Church in Canada. All these people have written about this matter and have made representations to members of parliament and senators, and they feel exactly as we do about it, that what is really at stake is not what is happening to a few individual Canadians of Japanese origin. What we are concerned about is maintaining in Canada, sound and undisturbed, the principle that the franchise is based upon humanity and that there should be no racial discrimination so far as the franchise is concerned. Documents that I have read from years gone by state the Liberal position. The Prime Minister has stated that position even as recently as the outbreak of this war, for during the war session of September, 1939, he expressed the hope that there would be no racial intolerance or bigotry during the period of the war, and he welcomed support along that line from the then leader of the opposition, the late Doctor Manion. The Prime Minister mentioned the fact that he himself had been born in a town which was known at that time as Berlin, Ontario; he referred to his own education in Germany, and he expressed the hope that we would maintain that genius of our Canadian democracy which is the ability to rise above any racial discrimination whatsoever.

Something has gone awry, and what we have before us now is not in keeping with the policy of the Liberal party. It is not in keeping with its traditions down through the years. I think a definite attempt should be made to correct this error, not simply for the sake of a few Canadians of Japanese origin but for own own sake, so that we may not descend to racial discrimination of any kind but keep ourselves a nation in which the highest principle is the principle of humanity.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Hon. members should bear in mind the exact nature of the amendment and the side of the house from which it has been proposed. The amendment is intended to remove any possibility of racial discrimination with respect to the franchise and equally any possibility of racial favouritism. The amendment also, as I have said, has been moved by the Secretary of State (Mr. McLarty) who is a member of the government, and has made the motion he has on behalf of the government.

The hon. member who has just taken his seat (Mr. Knowles) might well have made the speech he has had the government been indifferent in this matter, and he were seeking to arouse its members to a remembrance of their past assertions and of their duties and obligations. But everything that he has said about the importance of not countenancing racial discrimination with regard to the franchise merely supports what this amendment is intended to effect.

Let me make it perfectly clear that, if this amendment carries, the position so far as this general election is concerned, in relation to Japanese, will be in practical terms what it would have been if clause 5 had never found a place in the bill. It leaves the matter of the right of voting on the part of the Japanese just where it would have been but for changes in the place of residence of some of them which have taken place as a consequence of the war.

I must take my share of credit or blame along with all my colleagues for anything that may have been done from this side of the house by way of omission or commission, to which exception may be taken. I therefore wish to say at once, what I believe was in the mind of the administration in having the amendment to the elections act proposed in the words it was by the insertion of section 5. It was to prevent the possibility of racial favouritism in the exercise of the franchise and of racial favouritism shown to members of the race whose country to-day is at war with our own.

Under clause 5 the right of all Japanese, even those not previously resident in British Columbia, would have been taken away, because that right is denied to Japanese resident in British Columbia. What would that mean? It would mean that the government was recognizing the franchise as existing in one particular province as being the one which should determine the franchise for the whole dominion. That is something that would not be entertained for a moment by this house once the implication is apparent. Hon. members will ask, why was that not foreseen? The answer is very simple. The purpose of the bill as it went to the senate was to prevent Japanese who would not have had the right to vote had they remained in British Columbia from having that right in different parts of Canada simply because they had moved or had been moved from that province for reasons connected with the war. Let me make the position clear according to the facts. So far as the Japanese were concerned they had no right to exercise the franchise in British Columbia. Their citizenship was limited in that province; and for as long as I can remember where a province has had a franchise that restricted for racial reasons the right of certain classes to vote in that province the dominion has with respect to federal elections taken cognizance of that fact as regards that province. But it has never held that what any province might do in the matter of the franchise in its own province should be made to govern the franchise as it would be exercised in other provinces of Canada.

What happened after Pearl Harbor? For purposes of security to the nation, particularly for purposes of security to British Columbia, this government arranged the transfer from British Columbia of large numbers of Japanese. It transferred these Japanese to different provinces. It did that, as I have said, as a measure of security. It was never intended by the government of Canada at the time that that step was taken that the Japanese who were being thus transferred would be given a right in a general election which they would not have had had they remained in British Columbia, or would give them a right which the Japanese remaining in British Columbia would not have in this election. The purpose of the bill was to remove any possibility of favouring that large number, but what was the effect of it? There was an effect which was not apparent to anyone at the time, or it would have been pointed out at once. It had the effect of taking away from the Japanese who were in provinces other than British Columbia a right which they would have had to vote as citizens of Canada in those provinces, and as such was in the nature of racial discrimination. By this amendment we are seeking to make it clear that such was never the intention of the government. It was never the intention to exercise racial discrimination. The intention was simply to prevent certain Japanese from being favoured in the matter of the exercise of their franchise in a manner which they would not have been but for the war. What

are the facts? Take the numbers that are concerned. The figures that I have are approximate, but prior to Pearl Harbor the 1941 census gives the number of Japanese who were outside of British Columbia as a thousand. Of that thousand less than 650 were twenty years of age or over. A large number of those were not naturalized; consequently the voting strength of the entire Japanese people outside British Columbia was negligible. In addition they were scattered throughout the dominion and for that reason their vote, if exercised, would not have been likely to affect one way or the other the result in any constituency.

This was the position that had to be dealt with. To prevent the thousands of Japanese who had moved or been moved out of British Columbia from voting at this election in other provinces some measure had to be taken to make it clear that they were not to have that right, and the bill as it was drafted was aimed at those particular Japanese. But, as I say, it overlooked the fact that in the taking of that step there were a few in the other provinces who were Canadian citizens who would have been disfranchised as a consequence. The best evidence that the government has held determinedly to this view that there shall be no racial discrimination as such in connection with the franchise is that at this moment we are proposing the amendment we are to the bill as it has come back to this house from the senate. I might mention one other matter. Had the large number of Japanese, those who had moved or been moved out of British Columbia, had the right to vote at an election where they would not have had that right had they remained in British Columbia I am pretty sure that had they sought to exercise it there might have been riots at some of the polls at the time of the election when Japanese presented themselves. It was exercising the part of wisdom to see that nothing of the kind should take place.

When the plebiscite bill was put through this house it contained a clause for the purpose of preventing the very possibility of riots arising because of the Japanese voting on the plebiscite. The clause was inserted in the bill and approved by this house and by the senate, by all parties in parliament, that they should not have the right to cast their votes in that plebiscite. It was done not for reasons of racial discrimination, it was done for purposes, if you like, of protection of the Japanese themselves. Instead of discriminating it is a means of saving them from possible injury that they might have suffered had they attempted to vote.

What has been done with respect to this measure was to have a clause inserted in the bill similar to that which was in the plebiscite bill and for precisely the same reasons; but the point that I wish to make clear at the moment is that the effect of this amendment is to prevent thousands of Japanese who are now in the different provinces of Canada, but who had been residing in British Columbia at the time of the war from having any right in the matter of the franchise which they would not have had had they remained in British Columbia at this time. I think the house will agree that we should not discriminate on racial lines at any time, but equally we should be doubly careful, and particularly at a time of war, not to give to those of a race with whose country we are at war rights which they would not have except for the exigencies of war itself.

Mr. J. W. NOSEWORTHY (York South): In the light of all that the Prime Minister (Mr. Mackenzie King) has said about the government's determination to prevent the exercise of discrimination I think we should look at the clause we are amending. This bill must have had the approval of the cabinet before it was introduced into the house. It was introduced by a responsible member of the cabinet. As I understand it, the effect of the clause would have been to disfranchise at a federal election any group of people of alien race that had at the time of the election been disfranchised by any province. It did not refer to this particular war, but to any war in which Canada was engaged. Therefore it is quite obvious that it was the intent of the government, or certainly the intent of those who framed this bill, and the intent of those who sponsored this bill, that we should give over to the provinces the right to determine who should vote at a federal election.

Mr. MACKENZIE KING: May I say to my hon. friend that I rose to make it perfectly clear what the intention was, and I made it perfectly clear that the intention was not to take away a right from any one who had the right but to see to it that rights were not given to persons who had not previously enjoyed them, particularly when they were of a race with whose country we are at war.

Mr. NOSEWORTHY: Perhaps instead of using the word "intent" I should have said the effect of this clause.

Mr. MACKENZIE KING: That is why the amendment is being introduced, to remove that effect, which was due entirely to an oversight on the part of hon. members on all sides, as is quite apparent this morning.

Mr. NOSEWORTHY: Certainly there was a storm of protest across the country and an amendment was adopted in the other house which brought this bill back to the House of Commons. I am doubtful as to just how much credit the country will give the Liberal government for the reintroduction of this measure.

Mr. MACKENZIE KING: We are not looking for credit. We are looking for justice, that is all.

Mr. NOSEWORTHY: That will remain to be seen. The amendment adopted by the senate would have the effect of disfranchising at a federal election only those who at the time of the passing of this act had been disfranchised by a provincial government, which in effect would mean the disfranchisement of all people of Japanese origin in Canada. The government has sought to patch up the evident mistake it made by inserting clause 5 in the bill in the first place, by easing the situation a little more and leaving the right to vote with those who were not resident in British Columbia before the war, the number of whom the Prime Minister indicated was very small. What he is doing now by the amendment introduced, and I think we must understand it, is this. Formerly a province had the right to determine who in that province would vote in a provincial or federal election. Now the government is making it possible for one province to determine not only who in that province shall vote in a federal election but who in all provinces may vote.

Mr. MACKENZIE KING: No; we are doing the very opposite.

Mr. NOSEWORTHY: We have not a copy of the amendment, but is it not true that the effect of the amendment is to disfranchise the Japanese who were residing in British Columbia, whether at the time of the election they were residing in British Columbia or in any other province?

Mr. McLARTY: Yes, but it does not give the legislature the power to determine that now; the power must have been exercised six years ago. No fresh power is given.

Mr. NOSEWORTHY: But it does extend beyond the borders of British Columbia the provisions which that one province has made with regard to its electors. A number of statements have been made as to the circumstances under which the bill was introduced. The Prime Minister himself has admitted that there was an oversight on the part of some of the members of the government. The minister responsible has indicated that never was desire for haste indicated by the government in connection with the passing of this bill, but on that occasion apparently a number of circumstances occurred which as far as I can remember have not occurred on any other occasion. To begin with, the bill was not printed and in the hands of hon. members until it was called for second reading. Then the assurance was given by the minister that schedule A followed the recommendations of the committee. It is true that the minister did not refer to the bill itself, and apparently no hon. member had the foresight to ask him if there was anything in the bill that had not come before the committee.

Mr. McLARTY: It was read clause by clause.

Mr. NOSEWORTHY: Clause 1 was read; then, according to *Hansard* for June 9, clauses 2 to 11 were called together. As far as I remember this is the only instance since I have been in this house when a bill has not been called clause by clause.

Mr. MACKENZIE KING: Oh, what nonsense!

Mr. McLARTY: My recollection definitely is that every clause was called specifically. They were not carried en bloc in that manner.

Mr. MACKENZIE KING: I think my hon. friend was in the house last week when the measure concerning national health and welfare was under discussion. Half a dozen clauses were called and put through without debate.

Mr. BRADETTE: On a point of order, Mr. Speaker, I was chairman of the committee, and I say here and now that the clauses were called one by one and the marginal notes read.

Mr. REID: And *Hansard* proves it.

Mr. NOSEWORTHY: According to page 3692 of *Hansard* section 1 was agreed to. The next item is "Sections 2 to 12 agreed to." Then a discussion ensued.

Mr. MACKENZIE KING: *Hansard* may record it in that manner, but the Deputy Speaker has just mentioned to my hon. friend that the marginal notes were called. *Hansard* does not put down everything that is called, but the word of the Deputy Speaker should be sufficient to answer the hon. gentleman.

Mr. STIRLING: In connection with that point of order I would direct attention to page 3696 of *Hansard* where I see, "Section 5 agreed to."

Mr. REID: And the bill was before the house four days.

Mr. NOSEWORTHY: I am not excusing myself, Mr. Speaker; I have to take my share of blame along with other hon. members of the house. I am satisfied, however, that if hon. members had been given the opportunity of reading that bill clause by clause objection would have been raised to clause 5.

Mr. BRADETTE: Again I must raise a point of order. The hon. gentleman is casting a reflection upon the Chair. I was chairman of that committee and never, at any time, have I tried to railroad any bill or any clause through. I am in the judgment of the committee as to the bill in question, but I repeat that every clause was called by itself and the marginal notes read. If the committee had asked me to read the clauses in full I would have done so gladly.

Mr. NOSEWORTHY: Reference was made to page 3696 of *Hansard,* where it is said that section 5 was agreed to. May I call the attention of the house to the fact that the section 5 there has reference to the schedule and not to the bill itself.

Mr. McLARTY: The provisions of the bill and the schedule were gone over, section by section. It does refer to the schedule. But the whole bill was gone over in the ordinary and regular way. The suggestion is that in some manner—and I do not know how—the bill was treated in an extraordinary fashion. So far as I am aware—and as Mr. Deputy Speaker has made clear—it was treated in the regular manner of a bill passing the house. If hon. members did not see it, of course that is not our fault.

Mr. NOSEWORTHY: Apparently the hon. member is not the only one who did not see it.

Mr. SPEAKER: Did I understand the hon. member to say the bill was not read section by section? Does he not accept the word of Mr. Deputy Speaker that it was dealt with in that way?

Mr. CASSELMAN: Let him withdraw.

Mr. SPEAKER: Did I understand the hon. member to say it was not read section by section?—

Mr. CASSELMAN: Yes.

Mr. SPEAKER: —and that the bill was not gone through in the regular way, as Mr. Deputy Speaker has intimated?

Mr. NOSEWORTHY: I was calling attention to the fact that *Hansard* reports that sections 2 to 12 were agreed to, en bloc.

Mr. SPEAKER: I must point out that *Hansard* is only a record of the proceedings of the house, but it is not the official record. Mr. Deputy Speaker has called attention to a statement made by the hon. member, and has pointed out that the only inference which can be drawn from the hon. member's observations is that Mr. Deputy Speaker did not read the sections of the bill, when it was before the committee, and that in some way the bill was not properly before the committee. Does the hon. member wish to convey that meaning to the house?

Mr. NOSEWORTHY: No. My suggestion was that the bill received hurried consideration by members, including myself—

Mr. SPEAKER: I would ask the hon. member to withdraw any implication or inference that Mr. Deputy Speaker did not conduct the passage of the bill, when it was before the committee, in the ordinary fashion, and the fashion in which he says it was conducted. I would ask the hon. member to make a withdrawal, and to make it clear, so that it may be recorded in *Hansard,* that there was no improper procedure on the part of Mr. Deputy Speaker.

Mr. NOSEWORTHY: I withdraw anything that may imply that the chairman of the committee was lax in his duty, or attempted to railroad anything through the house. I am putting the blame where I think it belongs—on myself, and on other members of the house.

I believe I can say that the government's amendment offered this morning is more generous than that proposed by the senate, and that both are more generous than the original section. Under those circumstances we shall have no choice but to support them, since Your Honour has ruled our subamendment out of order. But we still feel that the section is not sufficiently generous, and that there is still an element of discrimination on racial grounds, of which we believe this country does not approve.

Mr. A. W. ROEBUCK (Trinity): Mr. Speaker, before the question is put I should like to make my position clear to the house and to the many people who have given me responsibility in this matter, and who look to me as a defender of democracy.

In the first place may I congratulate the government upon the amendment brought in. May I concur in many statements of regret which have been made with respect to the events which took place when the bill was first before the house. I too am one of those who failed to catch the significance of this section. The reason I think is clear, and is

the fault of no one. It will be observed that section 5 of the bill has the effect of adding subsection (n) to section 14(2) of the act. To be clear on what the amendment really involved, it was necessary to read section 14(2). True, one could have looked at the explanation, and gained from it the meaning of the amendment. It was perfectly plain to anyone who looked at and considered it. But everyone who knows about the bulk of material which passes through this house, and is familiar with legislation, can understand how a section of this kind might pass without its effect being fully realized.

The effect of the section as it went to the senate was a threat to disfranchise all Canadian citizens whose racial origin was that of a country at war with Canada. It was a complete racial discrimination against Canadian citizens of Japanese origin. Fortunately the other house debated the bill and made some excellent changes. Unfortunately however the other house and the present amendment have not entirely satisfied my conscience.

There are two principles to which I think the Liberal party has always held firmly. One is against racial discrimination, and the other is that all members of the party shall be perfectly free to express themselves when fundamental and basic issues are at stake. In this instance I see these two things: I see, first, that the government has no intention of embarking upon legislation involving racial discrimination, and that apparently it believes the amendment now before the house accomplishes that purpose. Far be it from me to attempt to teach other members of the house the fundamental principles of liberalism, good government, racial equality and all that sort of thing. We are all agreed upon that.

At one oclock the house took recess.

The house resumed at three o'clock.

Mr. ROEBUCK: Mr. Speaker, I was making the observation that it was not for me to attempt to teach Liberalism or democracy to any other member of this house, and particularly to the members of the government. The head of the government has been preaching and working for democracy even longer than I and under much greater difficulties and larger responsibilities. I said also that there were two main principles in Liberalism, the first being racial equality, and the second that complete freedom be accorded to all members of the party to express their views when fundamental and basic principles are at stake, as in my judgment they are in this instance. I am sure that all will accord me the liberty of saying what I feel it is my duty to say and what I am impelled by conscience to say.

The government thinks, and the government says it thinks that the amendment now before the house is in line with the great principle of racial equality. The Secretary of State has said that every one who had a vote will vote. If that were entirely so I would be satisfied; if I could be made to see that that is so, I would be satisfied. But is it so?

All Japanese in Ontario and other provinces, with the exception of British Columbia, who are British subjects and who are twenty-one years of age right now have the right to vote. All Japs who left British Columbia and came to Ontario at any time in the history of Canada, now have the right to vote in every province of Canada other than British Columbia. The Japs who stayed in British Columbia have now the potential right to vote in every other province so soon as they satisfy the requirements of residence, provided, of course, that they are British subjects. There are thus three classifications.

It is not necessary to argue the complicated details of these amendments and this section. The fact stands out, and nobody wishes to controvert it, that those rights which I have just mentioned are by this bill to be taken away. To my untutored mind, to my simple way of thinking, that is race discrimination, in regard to which I could not remain silent in this house and keep proper relationship with my own conscience and with my own constituents. It is not in keeping with my mandate from the constituents whom I represent, the people with whom I must live I hope for many years to come. It is not in keeping with the fact that I have to live with myself, I hope also, for many years to come.

What the government has done is to refrain from disfranchising those Japs now resident in all provinces other than British Columbia and who were not residents of British Columbia from the year 1938 to 1939. For that concession, and it is a great one, I am thankful. I will vote for this measure and I will vote for it gladly. When the amendment of the Secretary of State has been passed it cannot then be said, as it could have been said had his amendment not been brought in, that all Japanese in Canada who are British subjects are disfranchised upon racial grounds. All Japanese in Canada who otherwise are entitled to vote are not disfranchised upon racial grounds.

Putting it conversely, it can be said that certain Japs can vote in Canada notwithstanding their racial origin. If there is some

disfranchisement, it is limited, and for that I am thankful. But unfortunately it will be said, and it can be said if this bill becomes law, that some Japanese are disfranchised in Canada on grounds of racial origin, and this is so expressed in the law itself. It is that residue of disfranchisement that affects my mind in approaching this matter.

On the other hand, those who might take fright because they are members of a racial group which is a minority, should bear in mind that what we are doing now is no precedent. It in no way indicates what we may do upon some other occasion. It must be remembered that the situation arises partly because of a legislative accident and partly because we are in a time of war.

Personally I know very little about the Japanese. I lived in British Columbia many years before the Japaneses arrived. I remember clearly my associations with their great enemies the Chinese and I developed in those days as a child a certain affection for the Chinese which I have carried into my adult years. But, as I say, this was before the Japanese colony arrived and accordingly I know very little about them, as compared with members who come from British Columbia and who have voiced on many occasions, I think unfortunately, their intense antipathy. I bow my head to their superior knowledge in that regard.

I know little about the Japanesee, other than the reports that I have read of the horrors committed by the military clique of Japan; their absolute barbarity, their meanness, their unfitness to live among civilized mankind. There is nothing that can be said in this house denouncing the military clique or the military actions of Japan with which I will disagree. I know little about the Japanese as such, but I know a lot about democracy. It is unfortunate that this incident should have arisen. It is so utterly unnecessary and has placed on the spot those who stand for democracy and who would fight for her, who would give their very lives for sound principle. It has placed them in a position of defending democracy and of appearing to defend the Japanese. I know a lot about democracy, and I know that if you can disfranchise yellow men on racial grounds, other groups may be disfranchised in the same way for the same or other reasons. If you keep that up, it will not be long before Canada will be Hitlerized. In Germany they started with the Jews; then came labour, then liberals; after that it did not matter—democracy was a thing of the past. I am apprehensive when we touch something which even smells of racial discrimination and I am ready to oppose it with everything I have.

I have received a telegram from the Board of Home Missions of the United Church of Canada. This is what it says:

> On behalf Board of Home Missions United Church protest strongly against clause 5, subsection 2, bill 135, on the ground of disfranchisement of all Canadian citizens of Japanese race now in process of satisfactory resettlement outside of British Columbia. The resentment aroused among these thousands of Canadian citizens of Japanese race who know no other home and who had hoped to live and die in this country and who by this bill will be left without nationality will be shared by thousands of fair-minded Canadian citizens. Believe this undeserved disfranchisement of Canadian citizens will reflect on the honour of Canada long after the war has been won.

That is the end of the telegram. The writer continues:

> We who have had to do with the Japanese Canadians for a number of years feel especially strongly about the injustice of this proposed amendment of the election act. We feel the Japanese Canadians are surely worthy of exactly the same treatment as the German Canadians and Italian Canadians. To penalize one group of Canadian citizens purely on the basis of race is to us undemocratic and unchristian.

I read from a communication from the national inter-church advisory committee:

> It seems to us absolutely unfair to put upon the backs of these Canadian Japanese, particularly of the guiltless Canadian born young people among them, responsibility for the actions of the military clique in Tokyo. The majority of them have never seen Japan, they have been brought up and educated in Canada, and their life and loyalty are here.

Someone said from across the floor this morning that most of us belong to minority races. I should like to correct that. In Canada all of us belong to minority races, and even did we not, far be it from me to ever use a majority to deny to a minority its natural rights. I remember when I was a boy my father used to tell me, "Never hit a boy smaller than yourself, because", he said "he may grow". I have always felt that we in the province of Ontario who seem to enjoy a majority in Canada should be very careful indeed never to abuse that power of numbers, lest the others might grow. I could not face the minority groups in my own city—the Ukrainians, the Poles, yes the Italians, and many others—if I allowed this occasion to pass without making myself absolutely clear before this house and the country that, when it comes to racial discrimination of any kind against anybody, count me out.

In my humble opinion, expressed with deference to everyone else who looks at the matter in a slightly different light, there is only one

class who should be disfranchised in this country. I refer to men and women who are not British subjects. We never have, and we never will, extend our franchise to those who are not British subjects. So, Mr. Speaker, I shall move:

That there be inserted in clause 5, subsection 2(n), in the first line after the word "person" the following words, "not being a British subject".

You will observe that thereby the viciousness of the clause will be entirely eliminated, because then the franchise will be extended to British subjects who qualify by residence and age and other things of that kind, and will be denied only to those who are not British subjects. Anybody may second it who pleases. I have asked no one.

Mr. FULFORD: I would like very much to second that.

Mr. SPEAKER: Paragraph (n) of subsection 2 would then read, "Every person not being a British subject residing in Canada whose racial origin" et cetera.

Mrs. DORISE W. NIELSEN (North Battleford): If I understand this amendment correctly, it is one of which I am in favour, and I shall give it my support. I think I am right in believing that its purpose is to give any Japanese citizen who is a British subject the right to vote in a federal election. The principle involved in this discussion to-day is one which appears to me to be so important that no hon. member can possibly forgo the opportunity of expressing himself on it or of taking sides on this issue.

In this federal house we cannot in any degree be responsible for laws or decisions made in the province of British Columbia, but definitely it is our duty to preserve an impartial judgment on all matters regarding the franchise in the federal field and see to it that the basic principles of democracy are not in jeopardy for one moment by any act or ruling of a provincial government. In war time the rights of minorities, the rights of people who happen to belong to a nation with whom we are at war, must be regarded more carefully than in times of peace.

Undoubtedly, in wartime, hysteria among our people is more easily aroused and can become very dangerous. Personally I am not concerned with the reason why the legislature of British Columbia has made such laws as it has with regard to the Japanese in that province. I am of the opinion that the feeling towards the Japanese did not originate at the beginning of this war. It did not have its basic causes in the fact that we are at war with Japan and that the people of British Columbia feared action on the part of some Japanese nationals within their province. It is far more deepseated than that. The reason has its basis in the economy of that province. But I cannot help saying that I fail to see why this federal house should take the attitude that British Columbia still has the right to decide whether Japanese in the rest of Canada should vote in a federal election. First of all, who was it who wanted the Japanese removed from British Columbia? It was the people of that province and that government who made the request to the federal government that certain numbers of Japanese be removed from British Columbia. If that province no longer wanted the Japanese there, if they did not want responsibility for providing a livelihood for these people and having them thrown instead on the back of the federal government, by what right has the province of British Columbia now to say what shall be done with regard to these Japanese people outside their province voting in a federal election?

To-day the Japanese who are living in Canada outside British Columbia come under the jurisdiction, I believe, of the Minister of Labour. He was responsible for their removal, responsible for seeing that they had the means of livelihood, and therefore the government of British Columbia, in my opinion, loses all right to consideration on this question of the franchise of these Japanese people. She threw them outside, deprived them of the means of livelihood and refused responsibility for them in that respect, and now she wishes to exert rights over them in the matter of federal franchise. If the people of the province feel that way about it, I think that we in the federal house should assert our responsibility towards the Japanese and see that they are treated as any other people should be treated.

The people of British Columbia are the only ones who can decide what should be done with regard to the Japanese who remain within the borders of that province, but I would like to know if there is a federal member in this house to-day who has a mandate from his constituents to prevent any person—mind you, apart from those who are not British subjects, apart from those who are charged with sabotage of the war effort—from exercising the franchise in the federal field. I do not believe that any federal member has a mandate from his own people so to disregard the rights of a minority people in the federal field of franchise.

To support the amendment which has just been offered seems to me the only means of expressing the democratic rights of people within this country. The amendment made

by the Secretary of State still acknowledges the right of British Columbia to dictate regulations with regard to people whom she refuses to have within the borders of her own province, and I really cannot see how any federal member could possibly support such an idea. The number of Japanese citizens remaining in this country is quite considerable. I believe the figures from the Department of Labour are roughly these. There still remain in British Columbia, 15,733 of these Japanese, of whom 73 per cent are Canadian citizens. Outside British Columbia we have only about 4,835 in the prairie provinces, of whom 79 per cent are citizens of Canada, and in eastern Canada there are 3,065, of whom 81 per cent are Canadian citizens. Taking all those east of the Rocky mountains, there are roughly about 6,000, and of that number 4,000, I believe, have the right to vote. But it does not matter how many there are. Were there only 400, were there only 40 or only 4, the principle remains. It is a question of their rights as citizens.

I cannot see where these Japanese citizens are any different from the citizens of any other racial origin residing in any part of Canada. On what grounds can any member in this chamber dispute their right to vote? It seems to me that if British Columbia still wanted to exercise rights over her Japanese people she should have thought of this before throwing them outside the province and on the hands of the federal government. But once she has done that, I cannot see what right she still has in the question of their voting federally. It may be that this refusal of British Columbia to keep all her Japanese people within her borders will do great good to the Japanese, because as long as they were in that province the rest of Canada did not know much about them. Many of us took our opinions about them from what we heard from citizens of British Columbia; but since many of them have been removed and have gone into the prairie provinces and Ontario, the Canadian people are beginning to realize that it is not the colour of a man's skin that makes him a good or a bad citizen, but his training, his upbringing and the question whether he is proud and happy to belong to Canada. Many of these Japanese who have gone to live in eastern Canada, as we read in many magazines to-day, have been accepted by the people among whom they live as decent, honest, fine citizens only willing and anxious to abide by the laws of this country and to do everything they can to make themselves like other Canadians.

[Mrs. Nielsen.]

Of course the Japanese are the same as any other of the peoples with whom we are at war. I believe we have had a few among them who have been charged with subversive activities. We have had some among the Germans and some among the Italians whom we have had to place in internment camps. We have also had a few hundred Japanese who have been placed in internment camps and naturally they would be debarred from voting. That would be a very natural thing for us all to agree to. But do we debar either Germans or Italians in this country from the federal vote? Certainly not. As far as I know, even some of those Germans who have been in the internment camp because it is known that they did indulge in subversive activities, but who have since been released by the Minister of Justice, have the vote, and certainly hundreds of these Japanese are not in the same category. So that if we do not debar such German people from the vote, how can we possibly deny the vote to Japanese people who have never at any time given us the same cause or reason to believe that they would indulge in subversive activities in Canada?

The Prime Minister's argument about Japanese going to the polls and getting mobbed was one of the weakest I have ever heard him put forward. He was afraid of allowing the Japanese the franchise because in going to the polls the rest of the people of Canada might mob them.

Mr. MACKENZIE KING: Pardon me; I did not say anything of the kind. I indicated certain considerations that had to be taken into account, but I made no statement of my own to that effect.

Mrs. NIELSEN: I am sorry, but I must say that the Prime Minister left the impression with me that he thought that if some of the Japanese went to the polls to vote there might be little riots—I believe the word riot was actually used in that connection—at the polls.

Mr. MACKENZIE KING: I said that was a consideration that governed when the plebiscite bill passed this house and passed the house without any exception being taken to it. The clause to which exception is now being taken is, I think, a duplicate of that which appeared in the plebiscite bill.

Mrs. NIELSEN: Of course it is some time since the plebiscite was taken, and I think a good many of us have a very different idea on these matters now from what we had at the time of the plebiscite. We have had

reason to see how peaceful and quiet have been the Japanese who have been moved in to other parts of Canada. I realize that they voted in the Ontario election, and I certainly did not hear of any riots in the Ontario election on the part of people who did not like to see the Japanese going to the polls. I see no reason to believe that in a federal election there would be anything of that kind. Perhaps at the time of the plebiscite it may have been in the minds of some people, but after all is said and done, even if we do fear that some of the Canadian people would not like to see the Japanese people going to the polls, in my opinion that would be no reason for preventing them. Mob violence has no place in a democratic country. Law-abiding Canadian citizens do not indulge in such things unless they are incited to do so by those who wish deliberately to promote race hatred. Race discrimination is a fascist trend which should have no place in our country. It should be guarded against by our police. We have federal and provincial police in this country to guard the rights of citizens, and if there was any fear that the rest of the people of Canada might indulge in little riots at the polls because Japanese people were going there to vote, then I would say it was our duty to protect the Japanese by seeing that the police were there to stop others from rioting. It would definitely be appeasing such fascist trends to deny the Japanese people the right to vote just because we think such a thing might happen.

So far as the police have been able to tell us, the Japanese people themselves have not been responsible for making any disturbances. I quote from the Vancouver *News-Herald* of Monday, July 3, 1944, as follows:

> Not a single act of sabotage has been attempted by any Japanese in this province since the outbreak of war with Japan, Deputy Commissioner John Shirras of the provincial police told the annual business conference of the Pacific Coast international association of law enforcement officials. Mr. Shirras spoke on "The Japanese Problem on the West Coast."
>
> "It is a problem that requires care and tolerance," he said, criticizing persons who have "rushed into print" on Japanese matters.
>
> "The public has been unnecessarily inflamed by such individuals," he added. "The problem is an international one that cannot be dealt with by individuals."

I have already had occasion to speak in this house on what I considered to be the lack of democratic action within the department of the Secretary of State, particularly the selling of the property of the minority group of Ukrainians in this country. I consider that to be an outrage. I also consider it a wrong thing for the department of the Secretary of State to dispose of the property of the Japanese people in this country, as has been done recently, and for sums of money that are not really anywhere sufficient to cover the cost of the buildings and property concerned. It has more or less resulted in giving this property away. I am very much against this kind of thing. I believe it is a tendency which we should be very willing to correct, and we should see that it does not happen again.

I certainly am against the idea of the army refusing to take Japanese soldiers. I see no reason why hundreds of these young Japanese men, physically fit and well, should not be allowed to go and fight, if they wish to, for the democratic ideals of this country where they were born and which they now call their home. How are we ever to make them into good Canadian citizens unless we give them a chance to fight and work for the things which they have been brought up to believe in, in our schools, colleges and universities? It seems that in the United States they are taking a very different attitude on this whole matter, and I am led to believe that we should be better off were we to follow in their footsteps. In the United States they have 12,000 young Japanese fighting in their armies. One group of roughly one thousand of them went into action in Italy. Numbers of them were wounded and as a result of their gallant fighting many medals and commendations were given to that particular regiment. The property of the Japanese people has not been sold in the United States, and that again is one more protection of their rights which I would like to have seen in this country. In the United States they seem more anxious to maintain the citizenship and the rights of their Japanese-Americans.

I should like to quote to the house a brief paragraph from a speech which was made by the Secretary of the Interior of the government of the United States, Mr. Harold Ickes, when he spoke at San Francisco on April 13, 1944, because his words are the words and the sentiments that I myself would like to have uttered. He said:

> I hope that the clamour of those few among you who are screaming that this situation (i.e. the Jap American problem) should be resolved on the basis of prejudice and hate will soon be overwhelmed by the stern remonstrances of those among you—an overwhelming majority—who believe in fair play and decency, Christianity, in the principles of America, in the constitution of the United States. . . .
>
> The War Relocation Authority—make no mistake about it—has been criticized for not engaging in this sort of lynching party. Under my jurisdiction, it will not be stampeded into undemocratic, bestial, inhuman action. It will not be converted into an instrument of revenge

or racial warfare. . . . I am particularly grateful to those groups and individual on the west coast who have been brave enough and Christian enough to speak out against the vindictive, bloodthirsty onslaught of professional racemongers. . . . .

We must all face the problem of the eventual status and treatment of those Americans of Japanese descent who were taken from their homes and transported to evacuation camps. Most of them, after a thorough investigation, the doubts being resolved in favour of segregating them, have proved to be loyal and devoted to their nation (i.e. U.S.A.). It is intolerable to think that these people will be excluded from a normal life in this country for long. It is intolerable to think that merely because they resided on the west coast—in California, or Washington, or Oregon—they must be wards of the government for one moment longer than the necessities of the war require. I know of no virus in these three states which has infected them so that they must be treated differently from the Japanese Americans who reside in other states.

I should like to ask, Mr. Speaker, what virus has infected the Japanese who have remained in British Columbia and who have been recently brought out to the rest of Canada that makes them different from any Japanese who may have lived in Ontario or any other part of Canada since before the war? There is no difference in those people—none, whatever, so far as I can see.

The purpose of this amendment will, I believe, commend itself to hon. members of the house. I myself cannot agree to depriving any citizen of Canada of any right, believing that if I do so my own rights and the rights of future generations are thus jeopardized. The people who belong to the Japanese race who reside in other parts of Canada—who reside anywhere in Canada, I will go that far—are in my opinion innocent of any sabotage against Canada and Canada's war effort until they are proven guilty. On these grounds I believe that the fullest democracy should be granted to them. I cannot help but think that the government is making the jurisdiction of British Columbia rather an excuse for denying the rights to those Japanese people in other parts of Canada, and I cannot find myself in agreement with such an idea. I whole-heartedly support the amendment which has just been introduced.

Mr. SPEAKER: I have been considering the amendment which has been introduced. I am of the opinion it is not consequential. If any hon. member wishes to speak on it I shall be glad to hear him now.

Mr. MACKENZIE (Vancouver Centre): On the point of order which Your Honour suggested, may I say the effect of the amendment moved by the hon. member for Trinity (Mr. Roebuck) would be to confer the franchise not only upon Canadian born who have left the province of British Columbia but actually upon those who are still in British Columbia. I submit that it is not relevant to the bill as it passed this house on third reading, nor is it consequential upon the amendment as introduced by the other house, and therefore it is distinctly out of order.

Mr. SPEAKER: Does any other hon. member wish to speak to the point of order?

Mr. ROEBUCK: As to the question of the constitutionality of the amendment I should like to make one point. I take issue with the minister in his statement that the amendment I have placed in Your Honour's hands would extend the franchise to the Japanese of British Columbia. As I read the act and the amendments before us, that is not so. I direct attention to chapter 46 of the statutes of Canada, 1938. Section 14, subsection 2 reads:

> The following persons are disqualified from voting at an election and incapable of being registered as electors and shall not vote nor be so registered, that is to say—

This is the paragraph in question:

> (i) every person who is disqualified by reason of race from voting at an election of a member of the legislative assembly of the province in which he or she resides and who did not serve in the military, naval or air forces of Canada in the war of 1914-18.

That clause is not affected by the amendments contained in bill No. 135, so that irrespective of what we do with regard to the senate amendments or with regard to section 5 of the bill, paragraph (i) of subsection 2 of section 14 still stands. I should like to make it perfectly clear that I am not arguing in favour of that section. I think the principle I have stated should also apply to that section, but it is not before the house. The principle stands as I have stated it, but from a legal point of view the fact remains that the minister must have overlooked this subsection.

Mr. MACKENZIE (Vancouver Centre): That is another point, in addition to the question I raised, that of whether this is a consequential or relevant amendment. The additional effect just mentioned by the hon. member for Trinity makes the amendment now moved ridiculous, because you would have two sections in the Dominion Elections Act of 1938 completely contradicting each other. That is the effect of the amendment now being moved.

Mr. NEILL: The hon. member for Trinity (Mr. Roebuck) referred to section 14 of the 1938 act, saying that his amendment would

not affect it and that it would still remain in force. Let us read what is proposed in section 5 of this bill. It refers to "subsection 2 of section 14 of the said act," which is the act of 1938, which I have in my hand and which the hon. gentleman says is not affected. That is the very section. It is idle to say that it is not affected. I entirely agree with the statement of the Minister of Pensions and National Health.

Mr. ROEBUCK: I did not say that. I said it did not affect paragraph (i) of that section.

Mr. NEILL: Well, that is part of the section; that is a paragraph of subsection 2. The principle of amending is set out in citation 589 of Beauchesne, which says an amendment must be relevant or consequential. This amendment is neither.

Mr. KNOWLES: As a matter of fact two points of order have been raised by the Minister of Pensions and National Health, though he regarded one as more important than the other. The first point was as to inconsistency between the amendment moved by the hon. member for Trinity and the other sections of the bill. In that connection I should like to support the remarks of the hon. member for Trinity. It seems to me that the limitation on the disqualification which the hon. member for Trinity would write into paragraph (n) would apply only within the terms of paragraph (n) and would not affect the other paragraph referred to.

Mr. MACKENZIE (Vancouver Centre): It destroys the other paragraph.

Mr. KNOWLES: As to the other point, it seems to me that if the words inserted by the hon. member for Trinity had been inserted as an amendment to the senate amendment they would have come within the senate amendment and would have been consequential. I offer this suggestion to the hon. member for Trinity if his amendment should be ruled out of order.

Mr. SPEAKER: As I indicated when inviting the opinions of hon. members, I was of the opinion that the amendment offered by the hon. member for Trinity was not consequential upon the amendment moved by the senate. It imports something which was not dealt with by the senate amendment. That amendment dealt with the question of the time of disqualification. The amendment of the Secretary of State was intended to clarify a section which might be ambiguous. As I say, the amendment offered by the hon. member for Trinity has broadened the scope of the senate amendment, and introduced a new principle into both the senate amendment and the bill itself, which has been discussed by the house on third reading. In my opinion the scope of the amendment so broadens it that it is not consequential to the senate amendment, and I therefore rule it out of order.

Mr. ROEBUCK: Mr. Speaker—

Mr. HOMUTH: I rise to a point of order. The hon. gentleman has spoken on the bill and Your Honour has given a ruling on the point of order. Now the hon. member cannot speak on the point of order, and he is out of order in rising to speak again on the motion for second reading.

Mr. ROEBUCK: I do not think my hon. friend knows what I am going to say.

Mr. HOMUTH: I do not care what the hon. gentleman is going to say. He is out of order in rising to speak again on this bill.

Mr. ROEBUCK: Surely the Chair will hear what I wish clarified. One of the previous speakers suggested that my amendment would have been in order—

Mr. HOMUTH: I would ask for a ruling on my point of order.

Mr. SPEAKER: If the hon. gentleman insists upon it, I have given my ruling and I am not likely to change my mind.

Mr. ROEBUCK: I am not asking that you change your mind. I am asking for clarification.

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member must resume his seat.

Mr. ROEBUCK: Is it necessary that I move—

Mr. HOMUTH: I rise to a point of order. The hon. member for Trinity should take his seat.

Mr. SPEAKER: I have considered what the hon. gentleman had to say. I have given it very careful consideration and have come to the conclusion which I have announced. Having given a ruling I cannot allow any discussion of it.

Mr. A. W. NEILL (Comox-Alberni): If no one else has a point of order to raise I should like to make a few remarks. I have listened patiently all day to ladies and gentlemen from parts of Canada other than British Columbia talk on a subject which is vital to British Columbia and on which the people of British Columbia surely should be best informed. I have offered no objection

to their lack of knowledge of the subject, though their ignorance was as pitiful as it was profound, but now perhaps it might be well for the country and the house to have at least some of the facts made known. The hon. member for Battle River will excuse me if I do not follow her argument, because our seats are so far apart, and I have an infirmity in my hearing, that I could not follow all she said.

Mr. FAIR: I would like to contradict that. The lady is not from Battle River. Her constituency is North Battleford.

Mr. NEILL: I beg the pardon of both hon. members. I trust I would be too gallant to criticize her remarks. But the hon. member for Trinity is more on my level, and I hope I may be able to answer some of his remarks.

I am sorry that through rotten draftsmanship this trouble has been imposed upon the house. I am no lawyer, but I am told that this matter was in the hands of a committee of fifteen capable men, who sat at a number of sittings. I believe it is ten or twelve years since I have been given the opportunity to sit on any of these special committees appointed by the government. Probably they think I do not know enough about the situation—or perchance that I know too much. But I do know that if I had been on that committee I would have at least striven—I might not have succeeded—to avoid the horrible mess we have before us to-day.

This business passed the lawyers of the senate and the House of Commons, and I do not suppose there are three men who could state what the latest and best amendment is, after so much confusion. If I understood the hon. member for Trinity correctly, he said that the Japanese could vote in British Columbia. Well, that is such a stupendous departure from fact that I do not know where to begin, so perhaps I had better give a little sketch of the situation.

It is often said that it was the C.P.R. who brought them all in.

That is bunk. What happened is this: Possibly the Chinese were brought in to build the C.P.R., but it was not the Japanese at all. They were put on the voters' lists in some by-election—I think it was one in Cariboo. Some enterprising politician had filled the list with Chinamen and Indians. In 1875 in British Columbia they passed a law by which all Indians and Chinamen were struck off the voters' list. That was that.

Then the Japanese began to immigrate, and in 1895 the local legislature added the Japanese to the prohibited list which were not to be put on the voters' lists. Then the question came up as to the dominion franchise.

This question does not appear in our dominion statutes until 1919, and for that reason some people argue the prohibition did not begin until then. But that is not right. The right way of it is this: Prior to 1919, I do not know just how far back, but probably about the time of confederation, the dominion government had a system in connection with the dominion franchise of adopting provincial voters' lists. Therefore this question of our making the dominion franchise never arose at all, because the dominion just took the provincial voters' lists. And as we took these voters' lists they never contained Japanese or Indians, because they had been struck off. It was only in 1919 that that was necessary.

And, by the way, there is a point there I might just put in, because it is often alleged —"Oh, these poor Japanese, coming here with their hearts bleeding with the desire to vote, the same as we do. The white man is allowed to vote, but they are not allowed this priceless privilege." Pure bunkum! There was a discussion in committee some years ago in connection with voting, as to whether we should not compel the white man to take advantage of this "priceless privilege".

A delegation of Japanese came to Ottawa some years ago and appeared before a committee of the House of Commons which was dealing with the franchise. They were very capable people. One was a professor, one a dentist and another a schoolteacher. I do not remember what the fourth was, but I do remember they were able and cultured people—far better educated than I was, because I never saw the inside of a high school let alone a college. However we were allowed to ask them questions. At this point may I say that the Japanese has a very peculiar mentality. When he gets his piece off by heart, he will make a good yarn of it. But if he is confronted with an unexpected question he will probably break off and tell you the truth. We cross-examined them, and they gave us their story, and then we asked them some questions—the one to which I have just referred. We asked them when the Japanese were prohibited. The witness said, "Well, it never applied to us, because we were prohibited before ever we came here." I said, "Well, you were aware that those were the conditions to which you were coming when you came here?" And he said, "Yes". So that all this sob story about the poor Japanese being deprived of their rights is all bunk. They knew the conditions which existed, just as one hon. member pointed out the other day in connection with our indemnities. We knew what we were taking when we took

the job; and the same applies to the Japanese, because they knew perfectly well that the law was against them. So that they are not being deprived of anything they ever had.

I was going to mention the dominion franchise. In 1919 the dominion government adopted a different method of making up the voters' lists. Instead of taking the British Columbia list, or the provincial lists, they made special lists. A registrar was appointed and he was compelled to make a list of all who were qualified in a certain area. Then it was necessary to do something about these prohibitions. It was in 1919 that the government of the day enacted into law the words which have remained ever since, and which I believe the hon. member for Trinity quoted from the 1938 statutes. It said that where a body of people on account of its racial origin was excluded from the provincial franchise, that prohibition would be carried on into the dominion franchise in that province. That became established in 1919, and it has been carried on since then. They never had the vote. They never were promised it, and never had the possibility of having it. That is how it comes that there is this connection between the dominion and the provinces. That was the way it was in 1919, and it has been continued year after year, with this same prohibition.

This thing which has been started up is all for political effect. It is not as though they were suddenly deprived of a privilege, because the Japanese never had a vote in British Columbia. At least it has been this way since 1895, so far as the Japanese are concerned, and since 1875 in connection with the Chinese and Indians.

The hon. member for Trinity admitted quite frankly—and I give him credit for it—that he knew very little about the Japanese and the situation in British Columbia. He told us that frankly. He said he knew a whole lot about democracy. Quite so; and I am pleased to listen to him when he discusses something about which he is so well informed. But would it not be a good idea to let those who do know what they are talking about deal with the situation in British Columbia? I am the first member who has stood in his place to-day—the first of sixteen members, to express the views of that part of the country from which we come, and with which we are thoroughly familiar. Does the hon. member not think it would be a good idea to give us just a little extra weight in the debate, because we know local conditions?

My hon. friend from Trinity said he had received a telegram, I believe it was, from a church body, protesting against this legislation. Probably they sent a circular around to all the members some weeks ago.

Mr. HANSON (York-Sunbury): Yes.

Mr. NEILL: I know one member—it was not myself—who wrote back and said, "I have received your letter; it is clear you do not know the first thing about what you are talking about. Yours truly." I was more courteous, and went into a little more detail. However, the principle was exactly the same. I expressed regrets that the head of the church to which I belonged would squander our money in putting out Japanese propaganda—because it is nothing else. It drew a picture of the beautiful conditions under which some Japanese family had been discovered in Ontario, and it was written up to a fare-thee-well—the nice, respectable man, and the lady-like woman with the humble aspect, and the beautiful children, and all the rest of it! This circular said, "We appeal, we the people at the head of our church and your church and all churches appeal."

Mr. HOMUTH: Not mine; mine was not in it.

Mr. NEILL: You must be a Unitarian.

Mr. HOMUTH: I am a Lutheran.

Mr. NEILL: You can thank God that you belong to such a church. I expressed regret that I was paying out good money to subscribe to a church that was used for that purpose. They got out the circular and they appealed to the people in Ontario and Quebec, people who did not know the conditions in British Columbia along these lines, to take care of these people who were God's chosen people. They were asked to take them into their homes at a time when our men are being massacred and murdered by them in foreign lands. Our people were asked to take them into their homes and get them jobs because they are God's chosen people.

God's chosen people! The Japanese government held a convention, or whatever you call it, several years ago in connection with religion. They tried to decide what would be the most profitable religion to adopt because there was some talk that the old religion was getting a little threadbare and it might be a good thing to tie up with the other nations and adopt some other religion. They discussed the matter and they decided that the most profitable thing to do was to continue with the old Shinto religion because that would be the most profitable to the ruling class. Under that religion the emperor was the god and it was a beautiful thing

because in war time men could be made to believe that if they were killed they would go to the heaven of which their emperor was the god. They would prefer that to being taken prisoner.

These people are being moved out of British Columbia and they are being spread all over Canada like the smallpox disease. They will create little centres and groups of heathens in Ontario, Manitoba and so on. They will not fit in with their Christian surroundings because it is a set policy of the Japanese government to foment that religion. They must belong to it. Some of them have left British Columbia and they will create little propagandist centres for their pagan religion all over Canada. I suggested to these people who sent me these letters that that is not what we paid our good money for in preparing missionaries. We have been sending them to Japan but we could save a lot of money by having them try to convert these people at home. We could send these missionaries to Toronto or Montreal as the case may be and it would save considerable money. They are simply setting up propaganda centres for the spread of heathenism.

If I could take the time I could describe conditions in British Columbia that would make your hair stand on end—that is those of you who have sufficient hair to stand on end. I have never seen members from British Columbia pro-Japanese, but yes—I must be fair and say that there is one member from British Columbia who is at present in Australia. He was elected by the C.C.F. and all the time, in season and out of season, he loyally supports his Japanese, shall I say connections, or whatever it is; I do not know. The late Mr. Woodsworth, who used to sit down near where our friends are sitting now—the Minister of Pensions and National Health will bear me out in this—once said in connection with some bill that he believed in giving the Japanese votes. I asked him if he said that in the last election and he said, "Yes, and I will say it in any election." My friend opposite said, "Is that the view of the C.C.F.?" and he said, "Yes, that is the view of the C.C.F. as a body."

I know the hon. member for Vancouver East (Mr. MacInnis) said last year that that was still his view and that he would not continue to be a member of the C.C.F. if that view did not prevail. Of course that was a statement by a party. It was a small party, although it has grown smaller since then. It had seventeen members then, and now it has only ten. Naturally that attracted attention and I have no doubt it was wired to Tokyo that night. Inside of three or four weeks that gentleman and his wife sailed for Japan on a Japanese vessel and I have no doubt that they treated him well while he was there. On his return he had hardly set his feet on the wharf at Vancouver before he was asking for votes for his brown friends and so on. I leave that nasty insinuation; you can take it as you like. It is bad politics. There are few politicians in British Columbia who are willing—

Mr. KNOWLES: Mr. Speaker, I rise to a point of order.

Mr. NEILL: Thank you, I will have a rest.

Mr. KNOWLES: I speak on behalf of a member of this house who, as Your Honour knows, is absent because of the visit of the empire parliamentary association to Australia. If I heard the present speaker correctly he described something he said against the hon. member for Vancouver East as a nasty insinuation. I suggest if that is so, that it should be withdrawn.

Mr. NEILL: I think my hon. friend's point is well taken. I did not say anything about him, I said it was I who was making a nasty insinuation. If you think that I should not have called it that, I will withdraw.

Mr. REID: I think the hon. member's reference was to the late Mr. Woodsworth and not to the member for Vancouver East.

Mr. KNOWLES: I thought that was the case, and I thank the hon. member for New Westminster for his correction.

Mr. NEILL: I never argue with the Speaker no matter what my private opinion may be. But he has not pronounced anything so I think I may continue my brief rambling remarks. In fact I had finished. I could go on for another four or five hours and attempt to draw the true picture. I agree it is natural that eastern men cannot get the viewpoint we have in British Columbia. I am sorry that more weight is not given to the views of those who live in British Columbia and know what they are talking about.

The amendment before the house is simply an attempt to pacify, to remove the possibility of some injustice being done to people in the east. I thought the amendment suggested by the senate was sufficient, but the government in their wisdom have proposed an amendment which sounds a little more intricate. I will not say what is wrong with it because I do not understand it sufficiently. But I do hope we shall not have any more amendments like the one we had this morning which just added the words, "and when" or like the one this afternoon which has been ruled out of order.

Some kind friend placed a copy of the United Church *Observer* on my desk. It contains a picture of Mr. and Mrs. Umehara and daughter Millie in their farm home. I read most of it and really it would make your heart bleed. I am not attacking the Japanese. I have met some decent Japanese and no doubt some of them would be loyal. But if you put five tons of potatoes in your cellar in the fall and you find many of them rotten in the spring, how can you tell which is which? You must say to these people, "We are sorry, you may not be all you are depicted to be, but we cannot tell, and the innocent must suffer for the guilty." This is a white man's country and we want it left a white man's country.

I suggest that we cannot accept amendments to this amendment unless they are shown to be consequential, and no one as yet has shown me the consequentiality of this one.

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, the hon. member for Comox-Alberni (Mr. Neill) has suggested that the people from other provinces should be prepared to listen to British Columbia opinion because the people there are so much closer to the situation. But I think he will understand that it is very hard for hon. members at this end of the chamber to hear everything that is being said at the other end. I think he will also agree that, while people from other provinces should be prepared to listen to what is being said by members from British Columbia, nevertheless the decision should surely rest with a province whether or not citizens resident within its boundaries should be disfranchised, and the people of British Columbia should not expect any other province to bow to their decision in that regard.

An hon. MEMBER: You ask us to do it with social credit.

Mr. QUELCH: I did not catch what the hon. member said. The amendment before the house undoubtedly removes many of the objectionable features of paragraph (n); nevertheless racial discrimination will still exist as a result of it; we shall still have a condition whereby the laws of one province will dominate the actions of certain Canadian citizens in other provinces, that is to say, Canadian citizens of Japanese ancestry who were residing in British Columbia at the time of the declaration of war and who have removed to other provinces will still be subjected to the laws of British Columbia rather than of the province in which they reside. Therefore as a result of this amendment we shall continue to have a violation of the rights of minorities on racial grounds.

In my opinion no loyal citizen of Canada should be debarred from exercising his responsibilities as a citizen merely because of his ancestry; and that, it seems to me, is the situation which will exist as a result of this amendment. I understand that a number of Canadian citizens of Japanese ancestry and Japanese nationals were interned on the ground of subversive action at the start of the war; on the other hand, I understand that none of these Canadian citizens of Japanese ancestry who have been moved have been guilty of any acts of sabotage since the war started. I understand that in the various provinces to which these people moved their record has been exceedingly good. We have had statements from the Minister of Labour giving us a very favourable record in that regard. I believe several hundreds of these Canadian citizens of Japanese ancestry have attempted to enlist in the Canadian army and have been refused, and I think that is a pity, because no doubt they could have been of tremendous value. I recall that during the last war we had Canadian citizens of German ancestry in the army fighting against the Germans, and these men were of tremendous value because they had a thorough knowledge of the language and could be used to advantage. I understand also that some twelve thousand people of Japanese ancestry have been enlisted in the United States army; and surely if good use of them can be made there, we could make similar use of them in the Canadian forces.

We are not fighting to-day merely to defeat Germany and Japan; we are fighting in defence of definite principles. We are fighting for a peace based on justice, and justice must be granted to minorities as well as to majorities. It seems to me that this legislation is a negation of the declaration of principles contained in the Atlantic charter and accepted at Teheran.

I cannot understand, either, why we should single out Canadian citizens of Japanese ancestry, why this is not applicable also to Germans and Italians. In saying that I do not suggest for one moment that it should be applied to either of those races; I am opposing the idea of making it applicable to Canadian citizens of Japanese ancestry or any other. Once we start enacting discriminatory racial legislation of this kind it is very hard to know just where we shall stop. In view of the tremendous sacrifices which are being made to-day we cannot afford to make mistakes of this kind which may have such serious con-

sequences in the future. The cost will be too great. I am sorry that the amendment moved by the hon. member for Trinity has not been allowed.

Mr. G. T. FULFORD (Leeds): In anything I may say I shall be only echoing the remarks so well made by the hon. member for Trinity (Mr. Roebuck). I do not hold any particular brief for the Japanese; in fact, I do not see how anyone can, after the atrocities, of which one has read, that have been committed by them in this war. But to me the matter transcends considerations of race. It is a discriminatory act against one particular race of people; and, like speakers who have preceded me, I do not see how, if you penalize the Japanese in this matter, you leave the way open to discriminate against Hungarians, Bulgarians, Roumanians or other racial groups in the same way who are at present our enemies.

I see in this proposal a great danger to our entire democratic system. We pride ourselves on being an enlightened people, but by this discriminatory action we are trying to make a right by committing a wrong. It is not that I am without sympathy with the position of hon. members from British Columbia. I lived as a child for four years on the Pacific coast, in the state of California, and I know that people on the Pacific coast have a good case. At the same time are we, by singling out the Japanese for this kind of treatment, helping to make those who are naturalized or are second or even third generation Japanese, good Canadian citizens? Are we showing them the light of democracy and trying to get them to break away from old principles of the Samurai? I do not think so. I believe that by denying the vote to the Japanese outside—I repeat, "outside"—the province of British Columbia, who have migrated to other provinces since the outbreak of war on Japan, you are actually driving them back to old and alien principles which may have been instilled into them. In other words, instead of guiding them to enlightened citizenship and enabling them to realize their duties and responsibilities to Canada, you are encouraging them to revert to emperor-worship, to the code of Hirohito.

I strongly condemn any act or subclause of an act which discriminates in any way against the Japanese as a race, not only because I think we are thereby defeating our own purpose, but we are setting up a dangerous precedent by depriving British subjects of the rights to which they are entitled under the laws of the Dominion of Canada as a member of the British commonwealth of nations.

Mr. NEILL: Would the hon. member allow a question?

Mr. FULFORD: Yes.

Mr. NEILL: Is he aware that the Japanese have a dual nationality? They remain Japanese, yet have all the advantages of being British subjects; and they do not assimilate with us. That is why we put them in a different class from Germans and Italians.

Mr. FULFORD: Perhaps I was not very clear in what I was trying to say. I say they will continue to have a dual nationality so long as you discriminate against them. What we should do in this country is to try to lead them away from having a dual nationality, and make Canadians of them.

Mr. P. E. WRIGHT (Melfort): It is not my intention to take up very much of the time of the committee. I believe that hon. members of our group who have already spoken have made it clear that what we are fighting is not the matter of whether the Japanese shall vote or not; it is the principle underlying this bill, whereby the franchise of certain minority groups in this country is being curtailed, to which we are opposed. That it happens to be the Japanese who are the particular group is merely an accident. It might be any other group, as stated by the member who has taken his seat.

The Prime Minister states that what the government wishes to do is to see that there is no extension of the franchise at this time to any enemy aliens. To do this, it seems to me, he is accepting the principle that because one province disfranchises a certain group of people that disfranchisement shall follow those people into some other province and prevent them from voting at the next federal election in the particular province in which they may then happen to reside. What the Prime Minister is doing is not to prevent the extension of the franchise but to accept a new principle, which means a direct curtailment of the rights of the franchise, and he is using the fact that one province has already done this as a screen to hide behind.

Mr. McLARTY: The hon. member rather indicates that it is a new principle. I think he will agree that it is a principle that has been generally followed in section 14 of the general election act, to which clause 5 constitutes an amendment in the recognition of provincial limitations.

Mr. WRIGHT: It does not follow in the election act that because one province disfranchises a certain group of people, those people are therefore disfranchised in any other

province. But that is what this bill does. It accepts the principle that because this particular group of people are disfranchised in British Columbia now, they shall be disfranchised in other provinces.

Mr. McLARTY: We accepted that principle in subsection (k) of section 14 of the election act, the same thing exactly.

Mr. WRIGHT: No. I cannot agree with the Secretary of State. We are accepting it in this bill, but it has not been a principle that has been in force in Canada until this time.

Mr. McLARTY: It was included in the election act.

Mr. WRIGHT: The Japanese in British Columbia have been disfranchised. It was within the right of that province so to do. I am not arguing their rights in that matter. But because they did that, it does not follow that the Japanese should be disfranchised in any other province. These people have moved from British Columbia to other provinces and have come under the jurisdiction of these other provinces and automatically they should obtain the franchise in those provinces unless this bill is passed in the form in which we have it at the present time.

Mr. MACKENZIE KING: The persons of whom my hon. friend is speaking are still citizens of British Columbia. They have moved or been moved from British Columbia temporarily for reasons connected with the war. They have been moved through arrangements effected by the government as a war measure which was deemed necessary for reasons of security and in part for the protection of these very Japanese themselves. In most cases they are not persons who have voluntarily left British Columbia to reside in some other province. They are still citizens of British Columbia.

Mr. WRIGHT: Some of these people did automatically leave British Columbia themselves when this question arose. They moved to other provinces without waiting for the government to move them, and they are being automatically disfranchised along with the others whom the Prime Minister states the government moved, and who are now residing elsewhere. These people themselves moved to these provinces and by vrtue of residence in those provinces for a certain length of time they automatically become eligible to vote therein. I do not think the Prime Minister's arguments are sound, because ordinarily if these people had moved to a province and were Canadian citizens they would have the vote automatically. Section 5, however, prevents this. It prevents the Japaneses in other provinces from voting, or it did before the senate amendment. The government amendment simply allows Japanese who were Canadian citizens and living in other provinces than British Columbia prior to the war, to vote, but prevents Japanese Canadians who have been moved from voting.

Mr. REID: Would the other provinces of Canada have accepted the Japanese if they had not been requested by the government to do so?

Mr. WRIGHT: As far as I know, the other provinces had no laws on their statute books preventing Japanese from entering their boundaries. They never had any law on the statute books to that effect. The hon. member for Cape Breton South (Mr. Gillis) moved an amendment which we believed would change the effect of this bill, but you, Mr. Speaker, did not accept that amendment for the reason that it changed section 5 of the original bill. We propose to move a further amendment, which will be a consequential amendment in that it simply changes the time factor in the amendment to the amendment. It does not change the amendment except with respect to time. The amendment we now propose is this:

That the words "at the time of the passing of this act", namely "July 1, 1938, and on the date of the declaration of such war resided" be deleted from the amendment and the following words substituted therefor:

"At a time subsequent to the next general election resides":

Also that where the words "on those dates" appear substitute "at that time".

Also for "was disqualified" read "is disqualified".

Mr. SPEAKER: If the hon. member wishes to speak to his amendment I shall be glad to hear him, but I would ask him to address himself to this question. The amendment as moved by the Secretary of State deals with persons who are disqualified, and in the amendment which he is now proposing the hon. gentleman is disqualifying all persons except in relation to a later date, "subsequent to the next general election." I am afraid the hon. member has not seen the implications of the amendment. He would disqualify all at the next general election and entitle them to vote at a subsequent general election. If the hon. gentleman himself wishes to speak to the amendment, or if any other hon. member wishes to do so, I shall be glad to hear what is said.

Mr. KNOWLES: As one who seconded the motion, I think it is fairly clear—

Mr. MACKENZIE (Vancouver Centre): I rise to a point of order.

Mr. KNOWLES: I am speaking to the point of order.

Mr. SPEAKER: I wish to address a few remarks to the mover of the resolution. I ask him to address himself to the question I have raised with regard to the amendment. If he should like to do that I shall be glad to hear him. The hon. member for Winnipeg North Centre (Mr. Knowles) has already spoken in the debate and therefore cannot speak again.

Mr. MACKENZIE (Vancouver Centre): Is there a point of order, Mr. Speaker?

Mr. SPEAKER: No. If the hon. gentleman wishes to speak on his amendment I shall be glad to hear him, but he must address himself to that question.

Mr. WRIGHT: Mr. Speaker, if you understood the motion that I made, I do not think you would rule it out of order. It simply changes the date of the coming into effect of a particular section of the act until after the next general federal election. It does not change the qualifications or disqualify anyone who was qualified to vote. All it does is to change the time of the coming into effect. Individuals affected will still be disqualified after the next general election, as they would be under this act in its present form. All this does is to say that prior to the next general federal election these individuals shall not be disqualified. It simply changes the time factor. It will be further changed by section 11 of the act. Section 5 will then go in its place, and it will automatically die with the ending of the war, but it will not change the qualifications of the voters. It will simply postpone the time of the coming into effect of certain disqualifications. These will not come into effect until after the next general election and will die six months after the war, according to section 11. Because it only changes the time factor it is a consequential amendment and therefore can be accepted. If it changed the qualifications of the individuals who could vote, then I consider Your Honour would be perfectly justified in ruling it out. But where it is a consequential motion and changes only the time factor, I respectfully submit to you, Mr. Speaker, that it can be accepted.

Mr. MACKENZIE (Vancouver Centre): On the point of order, I submit that there is no difference whatsoever in principle between this amendment and the one that Your Honour ruled out of order some time ago. In the second place I submit that not only does this amendment seek to do certain things by a question of time; the effect of the amendment that is sought is this: it changes the whole principle of this bill. It changes the whole principle of the bill which passed third reading in this house; it changes the principle of the amendment that came back to us from the other place, and therefore is not relevant. Certainly it is not consequential. It is the direct opposite to the principle of this bill. It means that these people are going to vote after the next general election, and after that they can be disqualified. Apart from the point of order, this is the most unethical amendment that I ever heard moved in this house.

Mr. SPEAKER: After reading this amendment I have grave doubts as to its relevancy as being consequential to the amendments made by the senate. Beauchesne's Parliamentary Rules and Forms, second edition, paragraph 589, reads as follows:

> When a bill is returned from the senate with amendments, the amendments are read and agreed to, or agreed to with consequential amendments, or disagreed to, or the further consideration thereof put off for three or six months, or the bill ordered to be laid aside.
>
> No amendment can be proposed to the senate's amendment save an amendment strictly relevant thereto; nor can an amendment be moved to the bill, unless the amendment be relevant to or consequent upon either the acceptance or the rejection of a senate amendment.

I must come to the conclusion that the amendment submitted by the hon. gentleman is not consequential upon the amendments that have been made by the senate. I think I pointed out—

Mr. WRIGHT: Pardon me. May I point out that my amendment is an amendment to the amendment submitted by the Secretary of State; it is not an amendment to the senate amendment.

Mr. SPEAKER: We are dealing with the senate amendment which the Secretary of State has accepted, with an addition to it and therefore consequential to it; but in the amendment the hon. gentleman has submitted he is postponing the date of the disqualification to a period in the future, which is subsequent to the next general election. The principle that he is placing in the amendment is one which was not dealt with by the senate or by this house when the bill was before it. I must rule unhesitatingly that it is not consequential and therefore out of order.

Motion agreed to; amendments read the second time and concurred in.

SALARIES ACT

AMENDMENT TO PROVIDE FOR SALARIES OF MINISTERS OF VETERANS' AFFAIRS AND RECONSTRUCTION

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved the second reading of bill No. 160, to amend the Salaries Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Bradette in the chair.

On section 1—Salaries of ministers.

Mr. MACKENZIE KING: When this matter was before the house on Friday last the hon. member for Winnipeg North Centre asked whether the new ministers named in the bill would automatically receive a car allowance in addition to their salaries. The answer is yes. Each minister of the crown in charge of a department of government is by statute entitled to a motorcar allowance of $2,000.

Mr. KNOWLES: There is one other matter about which I should like to ask a question at this point. I think I shall be understood perfectly when I say that I have no axe to grind, nor has any basic principle been violated, as far as I am concerned. However, something has occurred here to which it seems to me one might call attention more easily in connection with this bill than in some other cases. In view of the experience in connection with the bill with which we have just dealt, members of the government will perhaps appreciate that we are combing through the bills much more closely than before. When the resolution preceding this bill was introduced on Friday last it read:

> That it is expedient to amend the Salaries Act to provide that the salaries of the Minister of Veterans' Affairs and of the Minister of Reconstruction shall be ten thousand dollars, respectively.

That is all that was in the resolution, and on the basis of that resolution the bill to be introduced was to provide for two points, salaries for two ministers. When I received the bill in my mail on Saturday morning at first I thought it was the wrong bill, but when I looked it over I discovered that it contained six provisions instead of the two mentioned in the resolution. Those six provisions are: the two salaries named, the salary for the Minister of National Health and Welfare, a provision that the salary of the Minister of Pensions and National Health shall continue at the rate of $10,000 as long as he occupies that office and two other provisions which change the Minister of Railways and Canals to the Minister of Transport and the Minister of the Interior to the Minister of Mines and Resources. There is nothing wrong in any of these changes, nor is there anything we did not expect or anything that should not have been done. It did strike me as strange, however, when we looked over the bill, to discover that on the basis of a simple two-point resolution we were presented with a six-point bill. I only hope that in the dying days of the session the bills will conform a little more closely to the resolutions that are introduced.

Mr. MACKENZIE KING: There is nothing in this bill which was not covered by the resolution, as far as voting an additional dollar is concerned. It is the amount of money that is the consideration there.

Mr. KNOWLES: The resolution names two ministers but the bill names three, so that the difference is as between $20,000 and $30,000.

Mr. MACKENZIE KING: Let me explain to my hon. friend. The law clerks who have to do with the drafting of these bills every now and then, when the opportunity occurs, take advantage of the chance to do what they call a little tidying up; that is to say, they bring up to date in one bill changes that have taken place in previous years but which have not been noted in that particular legislation. The designation of the portfolios of two or three of the ministry have been changed. For example, there used to be a Minister of Railways and Canals. His portfolio was changed to that of Minister of Transport. Since the Salaries Act lists several ministers my hon. friend will see cited the Minister of Transport, but he will not find anywhere in the list mention of a Minister of Railways and Canals. Attention is drawn to these changes in the explanatory note; it explains everything. As will be seen there, the person who was known formerly as the Minister of Railways and Canals to-day does not receive a salary under that designation; he receives his salary as Minister of Transport. The same is true with regard to the Minister of Mines and Resources, who was known previously as the Minister of the Interior. When the bill creating the Department of Mines and Resources was introduced it stipulated that this name should be substituted for that of Minister of the Interior. Previously the new minister had been drawing his salary as Minister of the Interior. After that bill was enacted the minister drew his salary, and is drawing it to-day, as Minister of Mines and Resources. So that no additional money is being voted in connection with those two ministers. To-day a salary is voted for the Minister of Pensions and National Health; I am happy to say that my hon. friend to my left has been getting his salary under that designation. However, we

have created a new Department of Veterans' Affairs, which takes away part of the scope of the department of pensions and health. We have also put through this house, and I have no doubt it will pass the other chamber and be assented to, a bill with respect to national health and welfare, which takes care of the remainder of the pensions and health department. There will be no Department of Pensions and National Health. My hon. friend will see that what is being done here is to make provision for the salaries of new Ministers of National Health and Welfare and of Veterans' Affairs. The moment the new departments are created the salary of the present Minister of Pensions and National Health will be dropped entirely from the salary list. In order in the meantime that the minister may be assured of his salary section 2 provides:

> Until such date as the Department of National Health and Welfare Act and the Department of Veterans' Affairs Act, passed at the present session of parliament, come into force by proclamation of the governor in council, the salary of the Minister of Pensions and National Health shall be ten thousand dollars per annum.

In other words, he is continued on the list until the two new departments come into being. It simply comes down to making provision for the portfolio of reconstruction and one other additional portfolio.

Mr. GRAYDON: It may be that the point I desire to raise has been dealt with while I have been out of the chamber; if so, perhaps the Prime Minister will indicate that to me and I will look up the answer in *Hansard*. However, I note that the list provides a salary of $15,000 for the member of the king's privy council holding the recognized position of first minister. It also provides a salary of $10,000 for the president of the king's privy council for Canada, and, in addition, a salary of $10,000 for the Secretary of State for External Affairs. Of course the Prime Minister occupies all three positions. I do not raise this matter because I desire any change made as far as the salary of the Prime Minister is concerned, but I just want to make sure there is nothing in the bill which offends the principle that there shall be only one salary paid to each cabinet minister.

Mr. MACKENZIE KING: The auditor general looks after that. I can assure my hon. friend only the one salary is paid. The provision for the president of the king's privy council goes back I think to the last war, when the late Hon. Mr. Rowell was made president of the privy council. I believe there was also some thought of having a separate minister for the position of Secretary of State for External Affairs. I can assure my hon. friend that no minister of the crown can draw more than one salary. Fortunately in this case one salary is larger than the other, so that the minister if he holds all three has a choice.

Mr. GRAYDON: It is a good thing the Prime Minister has the choice, because otherwise he might not fare very well.

I have no doubt the Prime Minister has considered a different arrangement in connection with the portfolio of Secretary of State for External Affairs. One must consider the heavy burdens a Prime Minister must bear, not only as first minister of the land, but also as President of the Privy Council. Added to that has been the work connected with the Department of External Affairs. Indications are that, as time goes on, that work will be more extended.

I am wondering if the Prime Minister would care to comment on the possibility of having a separate minister for the portfolio of Secretary of State for External Affairs? I do not raise the matter as one of immediate possibility, but I do so having in mind the fact that the Department of External Affairs will undoubtedly become more important as time goes by. I take it the Prime Minister has in mind, perhaps not for his government, but for succeeding administrations, the possibility of recommending a change in that regard.

Mr. MACKENZIE KING: I believe it was about a year ago I spoke about this matter, and indicated that, personally, I would greatly welcome having at an appropriate time the portfolio of external affairs held by another minister of the crown. But since the war began, it has been almost impossible to separate some of the questions which come before the government for consideration from the Prime Minister's office and the Department of External Affairs. It would have been very difficult for the Prime Minister from day to day to have done other than have most of his time taken up with matters relating to external affairs.

For this reason I have assumed the burden, one which I believe is heavier than anyone would wish to assume, unless he thought that in doing so he would serve some really helpful and useful purpose. Everything considered, I think it has been just as well not to have the change made at the present time. However, I do agree entirely with my hon. friend the leader of the opposition that in a subsequent parliament whoever may have to do with these different positions would be wise if he were to seek a minister to fill the portfolio of external affairs, with duties apart altogether from those of the Prime Minister.

The President of the Council raises another matter. I believe this office was billed in the first instance by Sir John A. Macdonald, while he was Prime Minister, so that, in that way, he might have before him something in the nature of a survey of the work of the government as a whole. In the position of President of the Council, I have found that it has worked out in that way. The Prime Minister does get a knowledge of the work of the cabinet as a whole, through presiding at meetings of council. I should think he could not obtain much of that knowledge otherwise. There may be occasions, however, when it would be desirable also to have that position held by a separate minister. I can assure my hon. friend that the duties of these respective offices are certainly heavy enough to warrant their being held separately.

Mr. HOMUTH: I do not wish to delay the passage of this bill in committee, but I would make a few remarks with respect to new appointments to be made. In my years in public life, which go back some considerable time, I have always felt that in the choosing of cabinet ministers, prime ministers have too often paid more attention to geographical appointments than to making appointments with due regard to the callings of the men affected.

In this chamber, like the Prime Minister I am surrounded by lawyers, doctors and other professional men. To my left we see the party which is hoping to gain a few seats, if possible, and they are overwhelmed with schoolteachers and ministers of the gospel.

Mr. BRYCE: Do not forget the farmers.

Mr. HOMUTH: There are one or two. But they do not farm—except the people. I realize, of course, that anything we say would have very little effect on the Prime Minister's choice. But in the present cabinet—and I do not say this in any unkindly spirit—I do not see the representation I should like to see. In the dominion we find industry, agriculture and labour. These three groups compose the major part of our population. In my view the labour portfolio should be administered by one who knows labour, and agriculture by one who knows agriculture. The portfolio of national revenue is not, in my opinion, a legal portfolio at all. It has been my view that that is a portfolio suited to a business man, because the minister would deal with industry, with tariffs, with regulations connected with customs duties, and matters which are connected solely with the industrial life of the country.

The Minister of Public Works—and again I say this in the most kindly spirit—should be someone who is a builder, or who knows something about building. I do not think a lawyer is particularly well fitted to hold the portfolio of public works, simply because he has a legal mind. In the whole cabinet at the present time I do not find one man who has been engaged in industry. The nearest one would come to an industrialist is to be found in the Minister of Munitions and Supply, who was a contractor, builder and engineer.

It is my belief that the men who should administer departments in the post-war should be men who have not been particularly trained in law or medicine, but men who have been trained in the hard way in the departments over which they would have to preside. I believe the people would have more confidence in the new departments if men with practical knowledge of the various subjects involved were chosen to head those departments.

Mr. MACKENZIE KING: In the matter of the selection of ministers in a country as broad as Canada, and with interests as diverse in many parts, it is always necessary for a Prime Minister to have regard to questions of geography, race, religion and other considerations. The hon. member has introduced an additional consideration, namely that relating to callings or occupations. Within certain bounds it is true that considerations of the kind he has mentioned should weigh. But the weight to be given to them must necessarily largely depend upon the personnel of the house, and the number of persons of different occupations who are elected.

In choosing ministers of the crown I believe the best administration is to be achieved where regard is had first and foremost for the intelligence and integrity of the persons appointed. A man of ability, sound judgment and high attainments would to my mind fill much better any portfolio of government that might be allotted to him than could possibly be the case with others who might seem to have qualifications on the grounds of calling or occupation, but who did not have the required attainments in other ways.

Perhaps I may say something that I have said to my colleagues many times. I have the greatest respect for my hon. friend opposite, the hon. member for Yale. If I were asking him to come into the government and he were prepared to come I would be prepared to put him into almost any portfolio because I think he would administer it with a high degree of intelligence, integrity and ability. I do not know whether I could say quite the same about my hon. friend.

Mr. HOMUTH: We were both born in the same county.

Mr. GRAYDON: May I say just one word to the Prime Minister? I hope that in stating the qualifications for men who might enter the government he was using that word in its broadest sense.

Mr. BURTON: The hon. member for Waterloo South has opened up an issue which I for one do not intend to follow. I have always been of the opinion that it was the responsibility of whoever might be called upon to carry out a government to select their own ministers for the cabinet. I can assure the hon. member for Waterloo South that when we in this group form a government we shall have a cabinet with which he will have very little to do.

Mr. HOMUTH: You will have to shove your whiskers back when you do that.

Mr. BURTON: I notice that section 4 lists the various members of the cabinet and their salaries, and the list includes the Minister of Munitions and Supply and the Minister of National War Services. Apparently these two departments are to continue to be recognized as full-fledged departments. But the list mentions only one Minister of National Defence, and I was under the impression that the Department of National Defence for Air and the Department of National Defence for Naval Services were two separate departments. It seems strange to me that they should be left out of the list when it would be expected that the other departments would disappear from the picture much earlier.

Mr. MACKENZIE KING: I believe the salaries of the Minister of National Defence for Air and the Minister of National Defence for Naval Services are covered by the war appropriation act. These portfolios were created since the commencement of the war and the salaries have been provided for in that way. If it is decided to continue both of these departments after the war provision for the salaries will, I assume, be transferred by some subsequent amendment to the Salaries Act. If the Department of Munitions and Supply and the Department of National War Services should disappear, the salaries now being paid will also disappear.

Mr. STIRLING: I was called out of the chamber a few minutes ago and just before leaving I thought I understood the Prime Minister to say that the $2,000 motorcar allowance is statutory.

Mr. MACKENZIE KING: That is right.

Mr. STIRLING: In what statute does it appear?

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: It is covered by the Appropriation Act, No. 5, 1931, which is chapter 61 of the Statutes of Canada, 1931.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

FAMILY ALLOWANCES

PROVISION FOR PAYMENTS IN RESPECT OF CHILDREN UNDER SIXTEEN

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the house go into committee to consider the following resolution:

That in order to ensure a greater measure of well-being to the children of the nation and to help gain for them a closer approach to equality of opportunity, it is expedient to introduce a measure to provide:

1. That family allowances, effective as from the first day of July, 1945, be paid in respect of each child in Canada under sixteen years of age, in accordance with the following scale:

in respect of a child less than six years old, five dollars per month;

in respect of a child six or more years old but less than ten years old, six dollars per month;

in respect of a child ten or more years old but less than thirteen years old, seven dollars per month;

in respect of a child thirteen or more years old but less than sixteen years old, eight dollars per month;

Provided that the above rates shall be reduced: by one dollar per month in respect of the fifth child;

by two dollars per month in respect of the sixth child and seventh child; and

by three dollars per month in respect of the eighth child and any additional child or children;

2. That the reduction in tax under the Income War Tax Act allowable to a taxpayer by reason of a child shall be reduced by an appropriate amount based upon the family allowances payable under the said measure;

3. That the amounts required under the said measure be paid out of unappropriated moneys in the consolidated revenue fund;

4. That the expenses necessary for the administration of the proposed act be paid out of the moneys appropriated by parliament for such purpose.

He said: A few moments ago I mentioned in the house, in the temporary absence of the leader of the opposition, that if the house were prepared to have the debate on family allowances take place on the second reading of the bill rather than on the resolution I would be prepared to proceed this afternoon with the resolution, but that if it were the desire of hon. members to debate the resolution at length I would prefer to allow it to stand to-day and proceed with some other order and then debate the resolution on a subsequent

occasion. The hon. member for Yale stated that he understood the leader of the opposition expected me to make a brief statement on the resolution and that the leader of the opposition desired to make a statement, but that beyond that it was not the intention or desire of the official opposition to have a debate take place on the resolution. I mentioned also that I had asked the whip to have inquiries of the leaders of other groups in the house, and he had obtained their assurance that they would prefer to have the debate take place on the second reading and have the bill introduced at as early a moment as possible.

The bill based on the resolution is intended to implement the following paragraph which appeared in the speech from the throne:

> The family and the home are the foundation of national life. To aid in ensuring a minimum of well-being to the children of the nation and to help gain for them a closer approach to equality of opportunity in the battle of life, you will be asked to approve a measure making provision for family allowances.

I believe it would be much easier to acquaint hon. members with the several provisions of the bill by having the bill immediately before them, and if before attempting an explanation at length, they have an opportunity to study its sections. The resolution is necessary as the bill involves the expenditure of public moneys. I imagine that what hon. members will be most interested in ascertaining immediately is the estimated necessary expenditure should the bill be enacted. The Department of Finance and the bureau of statistics have made an estimate of the annual cost of the family allowances on the basis set forth in the resolution. The estimate of the gross outlay is something over $250,000,000. The amount that will be recovered due to the corresponding reduction of present income tax allowances, estimated at the present tax rates, is from $50,000,000 to $60,000,000. That would bring down the net cost to approximately $200,000,000. That is all I wish to make in the way of a statement at the moment. If there are questions hon. members wish to ask in committee I shall try to answer them.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I desire to make a few brief observations with respect to the resolution. No political party and no group of citizens in Canada can validly claim to have a monopoly on the determination to see that the children of this dominion, who constitute by far our most valuable national asset, are given a square deal and the fullest of opportunities in the new and better era of to-morrow.

The Progressive Conservative party takes a determined and vigorous stand in favour of meeting immediately the health and welfare needs of the people of this country, especially of our mothers and their children. Let that be clearly understood right at the beginning. We take second place to no party in this parliament in the advocacy, promotion and execution of the necessary measures to assure decent, wholesome life, social justice and equality of opportunity to all of Canada's cititzens. That, we contend, calls for governmental programmes which not only will make possible equality of opportunity and decent levels of self-support for those capable of providing for themselves and their dependents, in a civilized Christian state, but means also a fair and just bearing of the burden of meeting adequately the needs of those who, by age, condition or circumstance, would otherwise falter and fall in this race of life.

The resolution indicates only in skeleton form the nature of the bill which will be founded upon it, and only when the bill is introduced will the plan and objectives of the government be fully disclosed. There is no occasion for a duplicate debate, and we prefer to allow the resolution to pass quickly in order that the house shall be fully informed of the government's policy before a comprehensive discussion is initiated.

May I suggest to the government, therefore, that the bill be introduced without delay so that its provisions can be thoroughly analysed, after which our course of action will be made known in the light of what, in our opinion, will best promote the interests and welfare of the children of Canada and the life and destiny of this dominion.

With our rights thus reserved, we are content to allow the resolution to be carried, on the understanding that the bill will be introduced to-day.

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

Resolution reported, read the second time and concurred in. Mr. Mackenzie King thereupon moved for leave to introduce bill No. 161, to provide for family allowances.

Motion agreed to, and bill read the first time.

AERONAUTICS ACT

CIVIL AVIATION AND COMMERCIAL AIR SERVICES—AIR TRANSPORT BOARD

The house resumed from Friday, July 7, consideration in committee of bill No. 133, to amend the Aeronautics Act—Mr. Michaud—Mr. Bradette in the chair.

Section 11 agreed to.

On section 12—Licences.

Mr. DIEFENBAKER: On several occasions I have referred to section 12, subsection 1, wherein the following words appear:

Subject to the approval of the minister, the board may issue to any person applying therefor a licence to operate a commercial air service.

I am not going to deal at any length to-day with the arguments heretofore advanced with regard to this section. Suffice it to say that the attitude which we on this side of the house have taken is that what should be a free and independent board set up for the purpose of determining rights in a quasi-judicial manner will in fact be a board entirely under the control of the minister, and we feel that to vest power in the minister such as will be vested under this section is arbitrary, dangerous and autocratic. I am not going into the arguments advanced in that behalf except to say this, that the board set up to grant licences as between various claimants will be a board apparently possessing powers but in fact having no powers except subject to the minister, with the result that any decision which this board would come to would be in effect the minister's own decision. The board, finding itself in the position of having three or four applicants for a licence, and determining that one certain applicant has the proper qualifications and is the most entitled to the licence, would make a decision thereon subject to the minister's approval; in effect the board would be a pawn in the minister's hand and a body which, while appearing to have powers, would be in effect merely a stooge of the minister.

For that reason, Mr. Chairman, I wish to move:

That section 12, subsection 1, be amended by deleting the words in the first line thereof, namely "Subject to the approval of the minister",

—so as to set up a board which will have powers, a board which can make judicial or semi-judicial decisions without the control of the minister. An analogy would be to set up a court of law with power to make judgments but whose judgments would be effective only if the Minister of Justice agreed therewith; there would be in effect a denial of every principle on which our jurisprudence is founded.

This section is different from any section in corresponding legislation in either the United States or Great Britain. For that and other reasons which have been heretofore advanced I move the amendment in order to take away from the minister the right, in fact, to control decisions, judicial and semi-judicial, made by the board to the end that the board shall be free, impartial and uncontrolled.

[Mr. Graydon.]

Mr. GREEN: Will the minister explain why he deems it necessary to take this extraordinary power? Why is it not sufficient to leave in the hands of the new board the discretion to issue licences?

Hon. C. D. HOWE (Minister of Munitions and Supply): The amendment proposed and the government's policy represent two wholly opposite views of responsible government. The amendment proposes that the domain of air be taken out of the hands of government, taken away from parliament, and turned over to a board of three members appointed for a long term. This board, quite independent of the minister and of parliament, would then distribute the empire of air as would seem wise to the board. The view of the government is that responsibility for the domain of the air is a federal responsibility, having been so determined by the privy council of the United Kingdom, and that it shall be the responsibility of the government of the day. This board is intended to advise the government, to examine various applications and to determine points for or against each. The government will hardly act against the advice of the board. If it believes that the board has not chosen wisely, it may ask the board to reconsider. That is quite within the realm of possibility, and that has been the attitude with respect to appeals from the board of transport commissioners throughout the years. The privy council, while it has the right on appeal to reverse decisions, has never done so. It has never taken action on appeals from the board of transport commissioners except to refer a matter back for rehearing. My hon. friend says that this differs from legislation in the United States. That is not so. In the United States the authority considers applications from air lines and makes recommendations to the executive power. The executive power may accept such recommendations or refuse to accept them, but the power in the United States is in the executive, and not in the board. In the United Kingdom the matter of air line franchises is dealt with by a department of government just as had been the practice in Canada up to 1938. This is not an abrogation of power on the part of the minister. He has always had the power. He abrogated it to the board of transport commissioners, with certain restrictions, in 1938, but experience since that time has shown that it is desirable that the government should itself retain responsibility and exercise its judgment, in matters affecting air routes. As I say, we are presented with two totally different viewpoints, and if my

hon. friend presses his amendment the committee must choose which is preferable as a means of carrying on democratic government.

Mr. GREEN: For the last six years the power to issue licences has been in the board of transport commissioners, as the minister knows, according to section 13 of the Transport Act of 1938. Will the minister explain in what ways that provision has presented difficulties?

Mr. HOWE: The position since 1938 has been rather the reverse, The government has had the responsibility for proclaiming air routes. After the government has proclaimed a route, the board of transport commissioners chooses the operator of that route. The method of choosing the operator is laid down completely in the Transport Act, which was drawn primarily to cover railway problems. It was amended to some extent when the board was given responsibility for selecting operators of air routes.

Mr. GREEN: The Transport Act was not drawn to cover railway problems.

Mr. HOWE: The Railway Act was amended and called the Transport Act at the time responsibility for air was included in the act. The Railway Act is a comprehensive one and was drawn to cover the operation of railways, but it was amended in a minor way when provision was made that it should also have jurisdiction over inland water navigation and over air transport.

Mr. GREEN: The Transport Act was a brand new act; it was not an amendment to the Railway Act.

Mr. HOWE: It was an amendment to the Railway Act.

Mr. GREEN: The Transport Act is chapter 53 of the statutes of 1938.

Mr. HOWE: The Transport Act was an amendment to the railway act. The amendment included a change in the title.

Mr. GREEN: The Railway Act is still in existence.

Mr. HOWE: No. The Railway Act is not in existence.

Mr. DIEFENBAKER: The Railway Act not in existence?

Mr. GREEN: The minister is wrong in that.

Mr. HOWE: I have just been advised that the hon. member is correct. I was given the effect of the Transport Act. The Transport Act is a short act which is an addition to the Railway Act rather than an amendment, but the effect of it was to amend the Railway Act; as witness the fact that the name of the board was changed from the board of railway commissioners to the board of transport commissioners.

Mr. GREEN: It gave them wider powers.

Mr. HOWE: Yes. It has been called to my attention that the member for Cape Breton South (Mr. Gillis), speaking in the debate on July 7, 1944, made this statement at page 4618 of *Hansard*:

> What did it add up to in the past? A board sat behind the scenes, never reporting to parliament, and franchises across the country were sold to their friends on the basis of patronage. . . . We are beginning to drag out from behind the scenes a very good business that has been handled on the basis of patronage and in favour of monopolies.

That is a wholly improper statement and it is wholly incorrect. The board of transport commissioners have dealt with air matters exactly in accordance with the provisions of the act. Any decision it has made has been based on sound law as drawn up in the act, and I know of no decision that could have been made under the act differently from the decision given by the board of transport commissioners. If anything, they were too tightly bound by the act, and made decisions that must have seemed of doubtful wisdom to the board; nevertheless the board have acted wholly within their jurisdiction in any decisions they have made in the matter of air franchises. I wish to make that quite clear. I do not know whether I have answered my hon. friend's question.

Mr. GREEN: I asked what the difficulties were that had arisen. Apparently there were great difficulties, and as a result the government is now changing its policy and taking away all power over air transport from the transport board.

Mr. HOWE: The difficulty is that the matter of developing air routes and assigning them involves questions of policy rather than questions of law. The board of transport commissioners have been simply judges interpreting a law. The board exercises no initiative in suggesting air routes, or in planning the development of the air system. That practice was a mistake. The fault was not in the board of transport commissioners; the fault was in the act which bound them too tightly to certain procedure. My hon. friend will observe that in this case we have not attempted to bind this board by elaborate procedure. Rather we have asked the board to develop its own procedure through experience, which I think is the only sound way to proceed.

The purpose of this bill is to set up a board of three men who have a knowledge of air transport work, who have a knowledge of Canada, who have a knowledge of the problems which they will be expected to deal with. That board will be asked to advise the government on matters of policy, to study the maps of Canada and the maps of the world, to attend to every detail on air matters. I can assure my hon. friend that the pressure of problems arising in the air takes a very considerable part of any minister's time, and, with only the advice of the department officials available, I will say quite frankly it is not getting the attention at this moment that it deserves. As a result of this bill, we hope to bring in three men of sound judgment and solid background, of air transport knowledge, and we hope to make progress much more rapidly in the future than we have in the past. However, when this bill becomes law the government will continue to be responsible to parliament for any franchise in the air that may be awarded in the future.

Mr. GREEN: Why was it necessary to give power to this new board to decide between applicants for a route? I can quite see that an advisory board might be of great assistance particularly since under section 15 of the Transport Act the governor in council had power to decide what routes should be flown. Why go farther and give this new board, which is not really a judicial board but an advisory board, the job of deciding between A and B as to who is to fly a particular route. Would it not be far better to leave that to the present board of transport commissioners, who would exercise their judgment in a judicial way, having in mind that there should not be undue competition and who was best qualified to fly a route and so on? It seems to me that would be a far wiser way to handle the matter.

Mr. HOWE: A decision of that kind is usually not a judicial one. There are a great many facts to be marshalled. The procedure in the United States is as follows. A certain route is opened for award. Applications are usually filed by every air line in the country. It takes many months, sometimes years, to sort out the applications. Each applicant must present a brief, which comes before the board. That brief gives reasons why the route should be awarded to the applicant's air line. We have been applicants at Washington ourselves; we know something of the procedure and something of the time element involved. The most careful study is made of the relative merits of each applicant, and in due course a finding with reasons is brought down as a recommendation to the executive that the route be awarded to one of the applicants. I think the executive has always acted on the advice of the aeronautics authority, and I presume that the executive here will act on the advice of this board. The board has its own experts to advise it and has the time and the means to study the relative merits of each application, and is thus able to give the government a sound reason to support its recommendation. But to me the great important duty of the board is to study the development of air transport in Canada and to advise the government on a sound policy to be followed in that development, and to make sure that the development is pressed as rapidly as the equipment situation will permit.

Mr. DIEFENBAKER: May I touch on one matter in connection with the control of aeronautics by the dominion? The minister referred to the privy council decision, but the privy council did not make a decision on question No. 3, which was decided by the Supreme Court of Canada, and regarding which there was no decision made by the privy council; therefore the matter as to whether or not there is exclusive control in so far as regulation and control in the dominion parliament is concerned has not yet been decided by the privy council. Question No. 2 was as follows:

> Is legislation of the parliament of Canada providing for the regulation and control of aeronautics generally within Canada, including flying operations carried on entirely within the limits of a province necessary or proper for performing the obligations of Canada, or of any province thereof, under the convention aforementioned, within the meaning of section 132 of the British North America Act, 1867?

That question was answered by the Supreme Court of Canada, but was not answered by the privy council; therefore the privy council judgment 1932 AC54, does not decide the proposition that the minister has just stated. The answer of the majority of the Supreme Court of Canada was:

> No if the word "generally" in the question was equivalent to "in every respect."

The minister by his own answer has advanced the strongest possible reason why this board should not be controlled by the minister. Under the Transport Act the board of transport commissioners are a semi-judicial body. The statement of the hon. member for Cape Breton South indicated that this body had acted in a way that was contrary to the law of this country; in fact, that it had acted improperly. The minister now says that suggestion is unfounded, but he does find fault with the board of transport commissioners.

I would point out that the reason why he finds fault with them in so far as aviation is concerned is that their decisions were based on law and on the act and therefore were not satisfactory. What the minister tries to do by section 12, subsection 1, is to secure in his hands a board which inferentially will not be bound too tightly by the law or by the provisions of the act. In other words, he wants to have a board set up which ostensibly will be required to carry out the law in the act, but when it does, on occasion its decision may not be ratified by the minister in the decision arrived at. The minister may say that there is a similar principle in the United States. Let me say to him that there is no such principle in the Aeronautics Act of the United States; in the United States the executive and the legislative are separate; hence the provisions of that act.

The minister says that in Britain the department of government controls. Let the department of government control here. Why have a board to go through the motions? Why pay a board $10,000, $12,000, $14,000 a year for the purpose of going through motions, for the purpose ostensibly of carrying out the law but carried out only when the minister believes it should be carried out, while in other cases stretching the law or entirely disregarding it when the minister believes it is a matter of policy to do so?

I object to the setting up of a board whose powers will be limited; who will not be permitted to comply with the law if the minister believes the law ought not to be complied with, and whose creation will permit the practice of discrimination in the awarding of valuable air franchises. The main function this board will perform, as far as the minister is concerned, is that it will recommend something that should be done. A board of three members, drawing large salaries, will be set up although we have a board now, the board of transport commissioners, who are far from overworked. They receive very considerable salaries, as they should in the position they occupy. We are to set up a new board, depriving it of the privilege of exercising judicial functions. We are going to take away from it the right to carry out sound principles of law, and of exercising sound discretion. We are going to set up a new board, whose members again will receive large salaries, for the purpose of making recommendations which cannot be carried into effect without the minister's approval. The minister speaks of ministerial responsibility, but that is not what we have here. This amounts to judicial irresponsibility, if the board is set up in this form. There is nothing like this under any act of the parliament of Great Britain.

The minister says the administration of aviation concerns matters of policy, which is the responsibility of the minister and the department. Then why set up the board, unless it be that we are creating a number of new positions at very fancy salaries, to be distributed at this time. I object to the setting up of the board in the first place as unnecessary; but if it is to be set up, then it should have power, responsibility, discretion and, as the hon. member for Carleton says, independence. Think of the possibilities of the position of this board. I am not in any way suggesting that the minister would have any ill-feeling against any group or applicant who might come before this board, but human nature being what it is, if a minister disliked any company or any individual he could arbitrarily refuse a licence, regardless of the qualifications of the company or the individual applying. If parliament grants the minister that power, in effect parliament thereby abdicates its right to the assurance that individuals appearing before a board set up by parliament shall not be denied justice.

The minister's only reply is that this novel change is introduced because we must look at the air situation throughout the world as well as in Canada, and matters of policy must be considered. Well, Mr. Chairman, policy is considered to-day. The governor in council sets up the routes, which means in effect that they are set up by the government of the day. They make the policy, as to where aviation facilities are to be provided, and the board decides as between various claimants for licences. I am going to ask the minister one very pointed question in regard to the board of transport commissioners. He stated that the criticism of the hon. member for Cape Breton South was ill-founded. Now I want to ask the minister whether the board of transport commissioners ever awarded a licence which the minister himself would not have awarded if he had been in the position of the board. I should like the minister to answer that question.

Mr. HOWE: Never having been in the position of the board, I cannot say.

Mr. DIEFENBAKER: Then what is the criticism of the board? The minister says he does not know that they have ever made a mistake, which inferentially means that as far as he is concerned any licences they have awarded would have been awarded by him. Yet now he wants to continue the present board, restricted to the narrow field of railway

and steamship transportation, and asks parliament to permit the setting up of another board which will cost this country $30,000 or $35,000 a year and which will have no power to do anything except subject to the minister. Why should it be supposed that the minister would have any better facilities than the board for ascertaining whether an operator had the necessary finances and equipment to take over a route? The board would certainly learn that after making an examination. But so anxious is the minister to have complete control, that the board may not issue licences without his approval and in addition, even after he gives his approval, subsection 4 of section 12 provides that the board shall not issue any such licence unless and until an operating certificate has been issued by the minister. I submit that these provisions constitute the greatest abdication of the principles of responsible government, in which we believe, ever to have been asked by a minister in this country. We are asked in this bill to give the minister power to say what shall be done and who shall do it. We are asked to give him the arbitrary right to decide that the findings of a board of three, after having considered all the evidence, shall not be put into effect unless the minister approves. Included in the powers of the governor in council is the power of removal of the members of the board, should the board go contrary to law or to the policy of the government. Then why, in addition to all these other powers, should the minister have absolute power and control such as have never been asked for in any other connection? I submit that the acceptance of the amendment will go a long way toward eliminating the suggestion of there being improper considerations in the award of licences and ensuring that the government is endeavouring to assure the widest development of aviation in this country in that it may not be stifled or strangled or interfered with by the arbitrary rulings or edicts of any minister.

Mr. GRAYDON: Does not the minister think the policy the government now seems bent upon pursuing will bring about in this country a rather chaotic condition in the days that lie ahead, with respect to transportation and communication? After all, there must be some integrating of the transportation facilities of a nation such as Canada.

The minister appears to be taking a retrograde step, if I may say so, because first of all he is separating the railways from air transportation and, in addition to that, he is taking away from the board of transport commissioners any powers connected with air routes. This involves at the same time a further step in separating these two systems. I think the minister and government might very properly review and reconsider their position in this respect.

While I am not an expert in transportation matters, yet I believe even laymen who will look at the transportation problem in Canada cannot help seeing the difficulties, and I believe may justly express some fear of the future when there is no reasonable amount of integration among the various kinds of travel. If we are giving this new board certain powers and taking away from the board of transport commissioners any jurisdiction it might have over air transportation, this board would have lesser powers, and would actually be just a good and obedient hired man for the minister. In plain, ordinary terms that is what the bill means. It will further emphasize the cleavage between two great modes of transportation.

The problem of general communications also comes to my mind, and I have in mind radio particularly. The suggestion has been made this year in the committtee or radio broadcasting that, in view of the fact that Canadian Broadcasting Corporation is in competition with privately owned stations, an independent board should be set up to adjudicate between the two. If in Canada we are to have a board of transport commissioners to handle matters connected with railway travel, and at the same time to have another board to handle air transportation, and another to handle communications, the government should watch carefully to see that this does not proceed too far. I would urge that the minister give this matter serious consideration before we embark upon setting up a variety of boards, the integration of which would become increasingly difficult in the years which lie ahead.

I raise my voice against the proposal of the minister as contained in section 12, and I shall support the amendment moved by the hon. member for Lake Centre. This board must be one thing or another, as I see it. The minister is attempting to make it a part of several things, and when he gets finished with it it will end up, not as a board, but rather just another department under the minister.

There is no other way in which this can be interpreted. Certainly it is not the kind of board that the board of transport commissioners has set out to be. In effect this board is simply the chore boy of the minister. Air transportation, in its present condition, deserves something more by way of independence. It should have an independent board whereby everyone would be able to receive a fair deal. I am not suggesting that the

minister would intentionally give anyone an unfair deal but, as was pointed out by the hon. member for Lake Centre, human nature is human nature. I do not think it should be necessary for an applicant to have to approach any particular political party when he wishes to take action in this respect. He should be in a position to go to an independent body. That body would then give its decision, in the light of existing circumstances.

I would ask the minister to consider where all this is leading, from the point of view of a wide distribution of authority, and a wide distribution of the various measures controlling our transportation and communications. I would ask him, after having made a survey, to see if there could not be some better means of integrating these various factors and influences which to so great an extent enter into our normal national life.

Mr. McIVOR: Mr. Chairman, I might not know much about transportation in the air, but I think if the hon. member for Broadview had been here he would have put in a word for responsible government. This board is not to be made up of members of parliament. Is that right?

Mr. HOWE: Yes, that is right.

Mr. McIVOR: They are not to be responsible. If the amendment offered by the hon. member for Lake Centre is approved, the board will not be responsible to the minister. Therefore the minister would not be responsible for the board. Therefore the electors all across Canada would not have any say in it at all. If any mistake is made, the minister would not be responsible and would not be held to account. I have no doubt the leader of the opposition believes that if the present minister were in charge everything would be all right. If there were a change there might be some risk. But any man who has charge of aviation will be responsible to the country. The minister should have that responsibility, and the board should be responsible to the minister.

Mr. GRAYDON: Would the hon. member have our judges elected?

Mr. BOUCHER: Mr. Chairman, I believe I should say a few words at this point. I am not conversant with civil air transportation, but I would look at that feature of the air transport board which establishes it as a judicial body deciding judicial questions.

Let us consider three different events. First, an applicant wants to get a licence. Instead of going to the air transport board directly he must go to the minister, to see that the application meets with the minister's approval. The transport board must approve, too. If the applicant went to the board for instance, their decision would be governed by the minister's approval.

Those of us who believe in British institutions are proud of one thing, perhaps more than another, and that is the independence of our judicial bodies. Hon. members must keep in mind that a decision by the air transport board must meet with the approval of the minister of the day. When an applicant applies for something from the board he knows that the board must make a decision which will meet with the approval of the minister himself. How can an applicant expect an impartial ruling from the board such as we would expect from our judiciary, under British institutions? How can an applicant expect to get an opinion purely non-political and non-partisan, and purely judicial, when that opinion is subject to the control of the minister?

Some talk about the control of parliament. Well, control of parliament is one thing, but control of the minister is another. There is a vast difference. I say that for the sake of efficiency a board must be independent. It must be assured that it cannot be accused of political influence, and it must not be subject to the approval of any one man or any one set of circumstances. Such a board should have the privileges extended to a judicial body. It should be their minds that speak; it should not be the mind of the minister that gives the verdict.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. STIRLING: I cannot understand why the government considers it necessary to adopt a totally different method of administering travel by air or air transportation from the one it has to administer travel by land and water. It is realized by all that when the end of the war comes there will be a considerable increase, a surge forward in transportation. A hundred years ago the United Kingdom went through such a surge forward in transportation by land. Sir Robert Peel or whoever was prime minister in those days did not see fit to put the administration of transportation into the hands of one of his ministers. Schemes were considered on their merits before a parliamentary committee.

We carried on somewhat in the same way in this country. Where a railway extension is contemplated a bill comes before this house and is sent to the railway committee. I do

not understand why it is necessary to have a totally different form of government for schemes by air as compared with government for schemes in connection with other forms of transportation. Why is it necessary for so much power to be put into the hands of a minister; it does not matter who the minister may be? I think the minister should explain this essential difference in connection with the government of transportation by air.

Mr. HOWE: Mr. Chairman, speaking to the amendment I would remind my hon. friend, as he has already reminded the committee, of the method of granting franchises for surface transportation. A bill is prepared, brought to parliament, sent to a committee which in turn reports to parliament, and then parliament decides whether the franchise shall or shall not be granted. The purpose of this amendment would be to take that power, exercised by parliament in the case of railways, and in the case of our airways turn it over to a bureaucracy not responsible to parliament. It has been said that the members of the board can be dismissed for cause, but I wonder what the public reaction would be if the board were dismissed because it departed from the wishes of parliament in the placing of franchises. I hardly think that that would be considered as good cause for the dismissal of high placed public servants, under the practices of a British parliament.

Perhaps I can explain why bills for air lines are not brought to parliament. The practice is not new, dating back to 1918 or 1919. Air is a much more fluid means of transportation than transportation by land. A railway franchise is a permanent thing. Rails are laid down, and the operator is bound to operate trains over them until relieved of his responsibility by the board of transport commissioners, or by some other authorized body. An air line operates into an area. In the case of mining developments, a service may be required one year and not be required the next year. It would hardly be practical to require that bills be presented to parliament to establish air lines, particularly into remote areas.

Since 1918, when the Aeronautics Act was passed, it has been the function of the minister responsible for the administration of that act to allocate franchises. As a matter of practice the minister has functioned by obtaining orders in council. That practice was changed in 1938 by a bill which was presented under my sponsorship, and that authority was placed in the hands of the board of transport commissioners.

The difficulty is that the board of transport commissioners are in essence a judicial body. They have no staff to help them to form policies. They were attempting to deal with airway problems in a purely legalistic way. The proof of the pudding is in the eating, and the proof of the pudding has not been in the interests of the development of our airways, at least in my humble opinion. This bill is an attempt to set up a strong advisory body to deal with policy matters, and also to act as a semi-judicial body for the final determination of matters that are judicial in character. We are adopting a form that has worked well in the country to the south of us, which country has seen the greatest development of airways of any country in the world.

Mr. DIEFENBAKER: It is not in effect there.

Mr. HOWE: It is in effect there, if my hon. friend will not interrupt. We are following a pattern which has worked well on this continent. My hon. friend states that in the United Kingdom there is no board, that these matters are dealt with departmentally. I would remind him that the United Kingdom is a small area and that internal civil aviation there is not a problem of great magnitude. Canada is a country of tremendous distances, and it is thinly settled. After having struggled with this problem for some eight or nine years, I can assure my hon. friend that our problem is a huge one. Any minister administering the Aeronautics Act to-day needs expert advice; he needs the help of men who are able to concentrate on one problem, the development of airways.

The purpose of this bill is to set up that sort of support for the minister who will be responsible for the Aeronautics Act. I am satisfied that this is a constructive measure. I believe it to be a measure that will make for the development of our airways, a measure that will make for a sound air policy to guide that development. Therefore, I must oppose the amendment proposed by the hon. member for Lake Centre. If his amendment were adopted, I believe there would be no course open to the government but to abandon the bill now before the committee.

Mr. BOUCHER: In so far as this air transport board being an advisory board is concerned, the fact is that they will have to rely upon the expert technicians in the department. All they will be doing will be to accept the advice that the minister would accept. Then in connection with the judicial part of their duty, as I said before recess it would seem that the hands of the commissioners are tied down. They cannot use their independent judicial judgment; they will be governed by the approval of the minister. They will be almost part and parcel of the

Department of Transport because they must and should rely upon the officials of that department for the data upon which they would form their opinions.

The difficulty is that we are creating something that is neither fish nor fowl. This board can have neither an independent viewpoint nor independent judicial powers. This board will not have an independent technical staff to give advisory support to the minister concerned. As I say, we are simply building up an organization that is neither fish nor fowl, an organization which will have no function that it can exercise in the independent way we would like to see it exercised as far as judicial decisions are concerned.

Mr. GREEN: There are two questions I should like to ask the minister. First, who will be responsible once this bill becomes law for deciding what routes are to be flown? Under section 15 of the Transport Act of 1938, which is the governing statute at the present time, that decision is made by the governor in council. In the present bill I do not see any provision which sets out how those routes are to be decided upon, although I take it that that will be done by the minister on the advice of his new board. I would ask him to explain how these routes are to be chosen.

Then, once a route has been chosen, what will be the procedure to decide between A firm and B firm who are applying for a licence to fly that particular route?

Mr. HOWE: The routes will be assigned, as they are to-day, by order in council. That will be covered in the amendments to the Transport Act which will shortly be considered by the committee. The governor in council will decide the routes to be flown, with the advice of the air transport board. As to the question of who will fly the routes, that also will be decided by the minister upon the advice of the air transport board, in the form of a report from the board giving reasons for the selection.

Mr. GREEN: Should not that provision for deciding the routes be put in this bill rather than left in the Transport Act, because the board of transport commissioners, once bill No. 133 becomes law, will have no jurisdiction over the air. Surely that provision should be in the new bill.

Mr. HOWE: The whole matter will be in the hands of the air transport board. The minister has the power: except for the period of delegation to the board of transport commissioners he has always had the power, and will continue to have it; that is, the governor in council will continue to have the power to decide the air routes.

Mr. GREEN: Will it be the minister or the governor in council?

Mr. HOWE: The governor in council.

Amendment (Mr. Diefenbaker) negatived: yeas, 15; nays, 43.

Mr. HOWE: I have an amendment to section 12, subsection 5, in the second line, which I will ask my colleague to move; namely, that the clause be amended by inserting the words "or the areas to be served" after the word "followed". With that change the subsection will read:

(5) In issuing any licence the board shall prescribe the routes which may be followed or the areas to be served and may attach to the licence such conditions respecting schedules—

And so forth.

Mr. MICHAUD: I so move.

Mr. GRAYDON: May I ask the cooperation of the minister and the chairman with respect to dealing with this particular section subclause by subclause, if we may. The minister has gone on to subsection 5; originally we were discussing subsection 1. I have no objection, so long as we keep within some sequence on it. That is the only reason I rose.

Mr. HOWE: I think my hon. friend may recall that several subsections were read before the amendment was proposed. However, I have no objection; I think it is quite logical, to take this subsection by subsection.

Mr. DIEFEBAKER: In regard to section 12, subsection 2, which provides—

The CHAIRMAN: If I may be allowed, I believe it may be in order to pass this amendment and then to revert to subsection 2 of section 12. Shall the amendment carry?

Amendment agreed to.

The CHAIRMAN: We are now on section 12, subsection 2,—"Not to be issued to persons engaged in other than aircraft transport."

Mr. DIEFENBAKER: This subsection provides that no licence shall be issued to any person engaged in the transport of goods or passengers for hire or reward by means other than aircraft unless the governor in council is of opinion that it is in the public interest that such licence be issued.

Originally the position taken by the minister was that railway companies would be required within one year after the end of hostilities to divest themselves of any interest in the operation of aircraft companies. Since the original announcement was made, there has apparently been some change of attitude

on the part of the minister, for the section does not carry out the expressed and determined intention of the minister denying to transportation companies the right to operate air transportation and civil aviation companies; and I should like to know the reason for the change in that regard. If I remember aright, the last time this matter was before the house the minister indicated that nowhere were railway companies or transport companies operating air transportation; but I find that in Britain to-day preparations are being made for the post-war period and that railway companies, operating in the United Kingdom, are to be given an opportunity to operate air companies alongside and as auxiliary to railway transportation. As a matter of fact I have here an article which I clipped from the press as far back as February 21 last, and written by a Canadian Press staff writer, wherein it is stated that Sir Harold Hartley, chief of Britain's railway-owned air services, made a statement at that time when the war is over:

"There will be a network of air lines over Great Britain—feeder lines. . . . That will be the first step to give and increase services where they now exist. I envisage the next step to be the expansion and the speeding up of air services to the continent. . . . I know that the railways gave an exceedingly good service to the continent by rail and boat and they have every right to take a hand in the new way of transport after the war.

That Sir Harold Hartley had some foundation for the expressed hope that after the war, within Britain itself, within the confines of the United Kingdom, railway transportation companies, bus companies, and the like would be permitted to secure licences to operate air lines, is borne out by the fact that on April 3 last Mr. Kenneth R. Wilson, Ottawa editor of the *Financial Post,* following a visit to Great Britain made a speech on post-war Britain and the hopes and prospects of the post-war period. In that, among other things, he said:

Many Britishers with whom I talked deplored the fact that Britain had, in the past, made the mistake of giving her overseas "air transport" to a single government-controlled monopoly. This monopoly was given originally to one government-sponsored concern, now called B.O.A.C. —British Overseas Airway Corporation. It has proved a considerable disappointment and seems almost certain to be replaced by a broader arrangement, which will in all probability permit great British shipping organizations such as Cunard-White Star and others to participate.

Mr. SLAGHT: What is the date of that?

Mr. DIEFENBAKER: April 3, 1944. Following his return from the old country, Mr. Wilson, who is known for his acute observations, made that statement. Realizing that it is to be a matter of government policy that there is to be a separation—at least that was the policy when first announced—unless the governor in council is of the opinion that it is in the public interest that licences should be granted to transportation companies, I should like to find out why the alteration in the minister's attitude and whether or not it was due in any way to conversations, exploratory or otherwise, which the minister had with Lord Beaverbrook. Separation is now a matter of government policy, and all I wish to do is to ascertain from the minister why he has receded so far from the stand that he so valiantly took a matter of two months ago, and which to-day has been softened down and retreated from to such an extent that the governor in council now enjoys the right to do that which the minister stated would not and could not be done.

Mr. HOWE: The government's policy was stated very clearly in this house and there has been no change whatever in it. The wording of this section is parallel with the wording of a similar section in the aeronautics act of the United States, and the same latitude is given there as is given here. The reason why that latitude is given is that there may be borderline cases where a strict interpretation of the rule with regard to government policy would defeat a desirable project. An example was given in this house by hon. members opposite of the case of Consolidated Mining and Smelting. The question was asked whether that company could be permitted to operate an airline under this act. Consolidated Mining and Smelting was a pioneer in air transport. Its operations are such that air transport may be a logical part of them, and this act gives the board power to determine whether an operation on the part of that company would be in the public interest, regardless of the fact that control of Consolidated Mining and Smelting probably rests with a railway company. That latitude is necessary in order to carry out the spirit of the act, but it involves no change whatever in government policy.

Mr. KNOWLES: I feel that the minister used some sense in what he said just now with regard to the necessity of some latitude in this clause. Nevertheless I believe that the hon. member for Lake Centre is right at this point in asking the minister for a more definitive statement of government policy at this time. I say that for this reason—if I may refer again to the statement which the minister made on March 17—that he said without qualification:

Steps will be taken to require our railways to divest themselves of ownership of air lines,

to the end that, within a period of one year from the ending of the European war, transport by air will be entirely separate from surface transportation.

The words in that statement to which I would call attention are these, "within a period of one year from the ending of the European war." I would accept this latitude which the minister has put in subclause 2 for the reason he has given, but at the same time there should be some interpretation somewhere in the bill of that statement which he made on March 17, that this definite step would be taken within a year after the ending of the war. I wonder if that part of the policy announced on March 17, to the effect that this change will be made within a year after the end of the war, stands.

Mr. HOWE: Yes. There is a slight misprint in the bill which I intend to correct when we come to it, but my hon. friend will see that section 14 is mandatory.

Mr. GREEN: Is it the intention to be as strict with shipping companies as with railway companies? Take a shipping company with ships plying up the Pacific coast of Canada. It might wish to open an air route in connection with its shipping service, which would be very useful. Is it the intention absolutely to prohibit companies of that kind from operating air routes?

Mr. HOWE: Shipping companies will be treated extactly the same as railways or other surface transportation.

Mr. FRASER (Peterborough West): Will bus companies be treated similarly?

Mr. HOWE: Yes.

Mr. FRASER (Peterborough West): They will not be allowed to extend their service into the air?

Mr. HOWE: That depends on the question of public interest. There has been as yet no serious study of the relation between bus companies and air transportation.

Mr. FRASER (Peterborough West): Does the minister think that the government company we now have operating air lines will have proper competition unless he allows the bus companies to step in?

Mr. HOWE: I cannot say.

Mr. FRASER (Peterborough West): Well, they should have competition, because the outfit we have now, T.C.A., although it is good, is always late in its schedules owing to the absence of competition. At least I imagine that is the reason. There certainly should be competition.

Mr. ADAMSON: The minister has over and over again reiterated the point that he has divorced all surface carriers from air carriers because it was the practice in the United States to do so and because that was found to be satisfactory. What is the other evidence that it is advisable that surface carriers and air carriers should be divorced? Do we know enough yet about air transportation to say that it is a good thing or a bad thing for surface carriers and air carriers to be separated, whether they be surface carriers, water surface carriers, bus surface carriers or rail surface carriers? If there is evidence I should like to know it. The minister has always said that the United States had that policy and that it proved a very satisfactory one. I do not accept that. While it may be satisfactory to the United States, are we sure that we can follow *in toto* their programme? We have a much more sparsely settled country, and a country which in many ways has an economy which is quite different from that of the United States. Would the minister enlarge on the United States policy?

Mr. HOWE: My hon. friend is quite wrong in stating that the reason for adopting this policy in Canada is that it was adopted in the United States. I mentioned that the experience in the United States had been similar to the experience in Canada. The need for divorcing the two has arisen out of our experience in Canada. The decision to be made therefore is, as I have said before, whether we shall have a monopoly of the air ways in the hands of the railways. The railways are naturally interested in developing transportation by rail. The question is, with complete monopolistic control of the air, would they be equally interested in developing our airways? Another question is whether we should turn over the empire of the air to those who control the empire of surface transportation? We must recall that pioneering of the airways has been performed by small operators. The railways never have been pioneers of the air. The small operator, serving a territory with area within his capacity to serve, has proved to be a very satisfactory means of developing air transportation. In my opinion, this small operator should have a chance in the air, and steps should be taken to see that our airways do not drift into monopolistic control; that is a matter of convenience to the public rather than benefit to any interest.

I believe that the public is better served by the small operator whose well-being depends on giving good service to his area. That is the purpose behind the bill; it is a purpose that

experience has dictated to be sound policy, and that is the reason why this provision is in the bill.

Mr. ADAMSON: I wish to continue this same line of argument, Mr. Chairman, and it will not take more than a minute or two. The minister has said that he does not want to give a monopoly to the railways. I am in complete accord with him on that because, as I tried to point out when I spoke on this bill before, it has been the old bush pilots, the small operator, the fellow who had two or three aircraft who built up Canadian aviation. The big transcontinental operators come later. Because we do not want to give the railways a monopoly, is it necessary to divorce the railways from the long haul aircraft business? Surely traffic whether by air, sea or rail will flow to the most efficient and cheapest method. It seems to me that in the long haul transportation, the transcontinental field, the railways are singularly equipped to dove-tail their operations in with the operations in the air; whereas the company that does nothing but fly aircraft into the north country, where there is no other method of transportation, does not and cannot fear competition by the major companies, because the small company can always beat the big company due to its flexibility.

I think this bill is based on the wrong premise. The small company with a few aircraft and low overhead can give service to an outlying mine or an outlying community, or they can start a service to a new mining area or a new agricultural area. Once that is established and heavy traffic moves in, it becomes the duty of the railways to go in and haul that heavy traffic. But at the present time, because of the peculiarity of our great as yet untapped resources, the bill says that we will divorce the railway companies from all air transportation. I say that there is room for both of those operators, room for the railway operators operating on the main trunk lines, and I think they can be dove-tailed quite efficiently into railway operations; but the small feeder lines that perhaps have no accurate schedule—and remember we gained first place in the world in air freight by these small companies—will not be injured by the railways. The railways will never be able to compete with these small companies because the small companies will provide a flexibility of service with which the railways could never compete. They will be able to take you in whether you arrive at eleven o'clock or at any time, whether you want to take in a boiler or a piece of machinery. They will take you in and let you off anywhere. They are like a taxi service; they will take you anywhere you want to go. No railway company is going to be interested in that type of service; but that small company is not going to be interested in and could never be interested in the major transcontinental or heavy traffic air arteries. I have never yet had it explained to me why the railways should be divorced from the major traffic arteries of this continent. I know they have done it in the United States and have made a success of it. Because they have done it is no reason why we should do it. The minister has not explained why it is good policy for us to follow completely the United States practice. The bush pilot, the small individual operator, is, I grant, the main operator. We have to look after him.

Mr. HOWE: Who is he to-day?

Mr. ADAMSON: He is the man who built Canadian aviation.

Mr. HOWE: Name two or three.

Mr. AD[illegible] because they have been put out of business by the failure of the mining industry. I tried to talk about the mining industry at some length in the committee a while ago. The Canadian Pacific took certain of them over.

Mr. HOWE: Took them all.

Mr. ADAMSON: No, it did not. It took over the northwest staging route, route to Alaska, the Ginger Coote Airways in Vancouver island, all in the Patricia mining area. In the great gold mining belt of northern Ontario there are no aircraft running, "no birds sing", as the poet said. That is where the railways can never compete with private enterprise. I do not see that allowing the railways into the transcontinental aviation business is going to hurt in any way the small operator. It is to the small operator that we must look for the development of aviation in Canada; and whether he is a small operator hauling week-end traffic in Ontario, or whether he is a small operator who operates out of northern lakes hauling mining machinery for engineers and prospectors in the mines does not matter; the small operator is the man who is going to build up Canadian aviation, because his is and will continue to be a more flexible operation than that of any great transportation system. He is the man who is going to give employment to air and groundcrew. He is going to employ the aircrew who are to-day bombing Germany. The big operators, the transcontinental lines, are going to employ only three or four hundred of these men, at the most. It is the small operator, the man with initiative, who will provide employment for the others. I believe that we must rely on him.

However, I do not feel that if we allow the railway companies to enter the transcontinental field we are in any way jeopardizing the future of the small feeder transport company.

Mr. HOWE: I wish that my hon. friend would suggest how a small operator would start in the north country to-day. All the area is preempted by the railway companies, as far as I know. The hon. gentleman says there are no operations into northern Ontario. I could point to the very considerable number of planes operating out of Hudson, for example.

Mr. ADAMSON: Yes, into Norway House in the Patricia district; but there is nothing operating—

Mr. HOWE: If my hon. friend were a small operator, would he care to serve any of that territory to-day in competition with the railways?

Mr. ADAMSON: Yes, I would operate such an air line to-day—and I am sure I could find the money—if the taxation policy on mining and prospecting operations were revised. I am quite certain that you would find small companies operating out of the great gold camps, such as Porcupine, Kirkland Lake, Noranda, Patricia, Matachewan, Flin Flon, Yellowknife, and so on. I am quite sure you would find an air service from Toronto serving the mines—

Mr. HOWE: If my hon. friend applied for a licence to-day he would find a railway application filed alongside his. The matter would come before the board of transport commissioners, who would have the option of giving it to a company with a few hundred million dollars of capital or to my hon. friend, with the money he would raise. What does the hon. gentleman think the board would decide to do, under the present legislation?

Mr. ADAMSON: I do not see why they should not decide to have competition.

Mr. HOWE: It was competition that wrecked all the small operations in the north and allowed them to pass into the hands of the railways.

Mr. ADAMSON: It was not competition but the destruction of the prospecting business that ruined the air transportation business. The line from Rouyn to Montreal had, at one time, more passengers than it could carry.

Mr. SLAGHT: But the Canadian Pacific took that over, did they not?

Mr. ADAMSON: The C.P.R. did not kill it. The air line would get you to Montreal in two hours, while on the C.P.R. it was an overnight trip. Even the hon. member for Parry Sound would agree that it was better to get into Montreal in the evening than in the morning.

Mr. SLAGHT: But when the C.P.R. took it over that was the end of it.

Mr. ADAMSON: The C.P.R. did not take it over. If my hon. friend would spend as much time as he should in the north country I think he would realize what happened to the bush pilots and how they have been forced out.

Mr. McNEVIN: I want to offer the minister my full support in this proposal to set up an aeronautics board to control civil aviation and grant licences for any additional interurban or intermunicipal air lines. There is a distinct similarity between the provisions of this measure and those in effect in Ontario, and perhaps other provinces as well, in regard to the granting of franchises for the operation of bus lines. The net result has been to eliminate vicious and destructive competition in the operation of the bus transport system throughout this province. In addition, if the surface transportation companies were granted these licences freely we would build up in Canada one of the greatest transportation monopolies in the world. If these franchises or licences for the operation of air lines had been granted freely, by the time the war is over the whole system would have been bottled up by the great and powerful transportation companies. We should keep these franchises free and untrammeled for the gallant personnel of the Royal Canadian Air Force who are now bearing the burden of this country's air war. We must give these brilliant and capable young men a chance to get into this business, not only as employees but in control of both the financing and operation of many of these important services. I only hope the minister and the administration will hold to this sound policy.

Subsection agreed to.

Subsections 3 and 4 agreed to.

On subsection 5—Routes and conditions.

Mr. STIRLING: I am not clear as to the minister's reply to the hon. member for Vancouver South with regard to designating the routes. I understood the minister to say that it will remain the duty of the governor in council to prescribe aerial routes, and I also understood him to say that this authority would be found in the Transport Act. Is that the case? This bill takes part III out of the Transport Act entirely, and the only reference I can find is in the Aeronautics Act of 1938.

Mr. HOWE: That is true.

Mr. STIRLING: There power is given to the minister, not the governor in council, to prescribe aerial routes, under section 3(f).

Mr. HOWE: Yes.

Mr. STIRLING: Is that the way it is to remain?

Mr. HOWE: Yes. My hon. friend is quite right; the provision is in the Aeronautics Act, and has always been there. It is true that the Aeronautics Act gives the power to the minister, but it has been the practice, at least during my term of office, that the route is actually determined by order in council on the recommendation of the minister.

Mr. ADAMSON: Here again the route is definitely prescribed, as I gather from the section.

Mr. HOWE: My hon. friend will recall that it was amended by adding the words "or the area".

Subsection as amended agreed to.

On subsection 6—Licence to T.C.A.

Mr. GREEN: Will the minister explain this subsection?

Mr. HOWE: Under the Trans-Canada Air Lines Act the Postmaster General and the Minister of Transport jointly recommend to the government a route for T.C.A. The question of jurisdiction has arisen in the past, as to whether the order in council passed by the government assigning a route to T.C.A. was a final designation. In the case of the extension of the T.C.A. from Vancouver to Victoria the board ruled that in spite of the designation by the government the operation of the route was subject to the regulations of the board of transport commissioners, and as my hon. friend will recall, the board ruled that the line could not carry local traffic between Vancouver and Victoria. The purpose of this section is to make it quite clear that the designation of a route by order in council under the T.C.A. act is a final designation and is not subject to review.

Mr. GREEN: And the issue of the licence becomes automatic?

Mr. HOWE: Yes.

Subsection agreed to.

On subsection 7—Different licence may be issued.

Mr. GREEN: Is this a new provision?

Mr. HOWE: It is simply a clarification. The present practice is either to accept or to reject a licence. This gives the board power to modify a licence. The board may accept, or may modify, a licence and issue it accordingly.

[Mr. Stirling.]

Subsection agreed to.

On subsection 8—Appeal to the minister.

Mr. ROSS (Calgary East): Under the existing law, appeals lie to the governor in council, in respect of discretionary matters. What is the reason for the change as set out in this subsection? The transportation committee of the Calgary board of trade have been giving this matter careful study, and they seem to think that this change is extremely dangerous and objectionable. They believe it is extremely dangerous to have appeals of this kind decided by the minister alone. They feel such appeals should go to the governor in council, as the law at present provides. They are conscious of the fact that in nearly all cases appeals to the minister would probably be satisfactory, but they also point out that in the odd case there might be hardships. For that reason they would like to see this clause stand as it stood originally, namely with appeals to the governor in council.

Mr. DIEFENBAKER: Why would there be hardship?

Mr. ROSS (Calgary East): Is it correct to assume that very few if any appeals were made in the past? If I am correct in assuming that, then I cannot see that the governor in council has been crowded with appeals, or that any undue burden has been imposed upon it. Perhaps the minister will be good enough to explain.

Mr. HOWE: Under the Aeronautics Act the practice is that the minister is designated as the recipient of such authority. As I said earlier, it has been that way since the act was first passed in 1918. Under licensing, a great many appeals occur. It is true that under the Transport Act appeals are addressed to the governor in council. The practice is to gather together a committee of council and formally to hear the appellants. Considerable delay is involved in that procedure, usually a matter of months, before council could deal with an appeal. Appeals are very infrequent. The history of appeals to the governor in council is that, during the lifetime of the board of transport commissioners, none has been granted. When action is taken, it has always been confined to referring back to the board for further study.

There are likely to be a great many appeals in connection with the issuing of licences. A man has his licence cancelled, and he imme-

diately wishes to appeal. I think it would just delay matters to carry such appeals to the governor in council. I believe an appeal to the minister, who is in touch with the situation, and who, if necessary, can consult council, is the more expeditious manner of handling the matter. The minister had sole authority up to 1938, and the minister is designated in this bill as the court of appeal, for the reason that it is felt that in connection with air transport matters the minister can handle appeals much more expeditiously and more satisfactorily for the appellant than could the governor in council.

Mr. ROSS (Calgary East): Section 52 of the Railway Act deals with appeals. If the minister will refer to it he will see that those appeals lie, not with the minister, but with the governor in council.

Mr. HOWE: That is the Railway Act?

Mr. ROSS (Calgary East): Yes, and these appeals were taken under the provisions of that act. It governs appeals of this kind.

Mr. HOWE: Yes, since 1938.

Mr. ROSS (Calgary East): Have there been many appeals since 1938?

Mr. HOWE: No.

Mr. ROSS (Calgary East): Have there been any?

Mr. MICHAUD: One appeal dismissed.

Mr. ROSS (Calgary East): Is there any reason why the minister could not let this stand? If there has been only one appeal in so many years, would the minister consent to this subsection being changed so that appeals would be taken to the governor in council?

Mr. HOWE: If I believed that in practice an appeal to the governor in council would be more satisfactory than an appeal to the minister, I would certainly change the subsection. I am convinced, however, that the satisfactory method of handling appeals is to the minister.

Mr. GREEN: There has been a widespread demand that this change be made. I move in amendment thereto:

That subsection 8 of section 12 of Bill No. 133 be amended by substituting for the word "minister" therein the words "governor in council".

After all, there is a principle at stake here. In subsection 1 of section 12 the minister is given very wide powers. No licence can be issued without his approval. There is no point in having an appeal to the minister. In my opinion that is not sound. It might work out with the present minister—although I am not so sure it would; but certainly it is not sound in principle.

These boards of trade are right when they say that an appeal should be to the governor in council. It would mean that the whole cabinet must share the responsibility. Of course it would be an appeal only where an application had been refused. I urge that the minister agree to accept this change. Let the appeal be made to the governor in council.

The last time the bill was before the committee for discussion the minister took an arbitrary stand, and made some rather slighting remarks about boards of trade across Canada. I had read a telegram from the board of trade of Vancouver. They have now issued another statement, as a result of what the minister said. This is what they say:

The telegram outlines in full the position our board has taken and will continue to take in regard to matters in which such an important principle is at stake, particularly in the instance of the amendments to the Aeronautics Act, which involves one of the most important and far-reaching industries in Canada.

It does not look right for the minister, who is piloting this bill through the house, to insist that there be no appeal to anyone but himself. I suggest that my amendment should be accepted.

Mr. HOWE: The government has carefully considered whether appeals should lie with the governor in council or with the minister, and has decided that they should lie with the minister. I have heard nothing in the discussion which would indicate that the amendment now proposed is in the interests of sound administration, and I would ask hon. members to oppose the amendment.

Mr. DIEFENBAKER: Mr. Chairman, before the vote is taken I desire to join with the hon. member for Vancouver South in support of the amendment proposed by him. All the way along in this bill we are departing from parliamentary principles. Aviation will be one of the largest post-war developments and it is to be placed almost entirely under the minister. The hon. member for Calgary East pointed out that under the Transport Act the appeal was to the governor in council. There is an appeal in name, provided for in this bill, but not an appeal in fact. Section 12, subsection 1, reads:

Subject to the approval of the minister, the board may issue to any person applying therefor a licence to operate a commercial air service.

Subsection 4 reads:

The board shall not issue any such licence unless and until an operating certificate has been issued by the minister to the operator.

And subsection 8 reads:

Where the board refuses to issue a licence,—

Which would have to be done at the request of the minister.

—issues a licence which differs from the licence applied for,—

The minister is the one whose approval must be secured before the board can grant a licence.

—or attaches conditions to which the applicant objects.

Again a licence issued with conditions can be issued only with the approval of the minister. A licence is applied for. It may be issued as applied for or differing from the application, but it can be issued only with the approval of the minister. When a person is dissatisfied with the licence issued or the refusal to issue a licence, his appeal is to the person who originally determined that the applicant could not have a licence or could have a licence only with qualifications. It is not a case of an appeal from the hired man to the hired man's boss; it is an appeal to the person who made the order, to the person who directed the issue of the licence.

The acceptance of that principle would mean in effect the denial of the right of the individual. It places the minister in a position where he would control every person in this country in so far as that person's right to have a licence is concerned. If a case is brought up in the house will an hon. member be able to ascertain why the licence was turned down? Will the minister hide behind his board and say that the board made the decision and that, generally speaking, that decision was accepted by the minister, and beyond that would information be denied? To accept this section without the amendment suggested originally by the hon. member for Calgary East will mean in my opinion that parliament will have no right to investigate, to ascertain the reasons, if there be any, for any arbitrary order that has been made and the order will stand and will not be subject to investigation in parliament.

I ask the support of hon. members on all sides of the chamber for the amendment proposed by the hon. member for Vancouver South. Why should not the governor in council have the right to determine the question of appeal? What will actually happen will be this: a decision, arbitrary though it may be, once made against an applicant will be final and he will be denied any recourse, or right of appeal. All that is provided for will be a semblance of an appeal whereby the decision will be made behind his back on evidence which will not be made available to him and which had been gathered together by persons he does not know anything about.

[Mr. Diefenbaker.]

Within the last two weeks in the House of Commons in Great Britain the Right Hon. Mr. Morrison on behalf of the government agreed that the time had come when the perpetuation of the making of arbitrary regulations should be controlled or, in any event, be made subject to review by parliament, and agreed that a committee be set up composed of members from all sides of the house to review orders made by bureaucrats often hidden behind closed doors and cloaked in anonymity.

I support this amendment because it will bring to the light of day within cabinet council any arbitrary act or any unfairness or any denial of justice. It is not so much that there may be injustice, and some of the provisions of this bill certainly permit of injustice being perpetuated, but whether there is or not, it is important that persons affected should believe that they are receiving justice. If an order is made against them few will believe that they are receiving justice when denied the right of an appeal to some person who did not make the order complained of.

Mr. HANSON (York-Sunbury): I should like to add a word on this point. If the minister had been in his place on Thursday evening last or if he has perused *Hansard* he will know that on that occasion I made an appeal to the Minister of National Revenue against the present law relating to appeals from income tax assessments. Under the law as at present the appeal is from Caesar to Caesar. I elaborated at considerable length against that as a non-British practice. The parliamentary assistant to the Minister of Finance admitted at once that it was an empty gesture and a waste of time. Upon my pressing the Minister of National Revenue and arguing that the principle was bad, he would not admit it, but he intimated that the department would consider setting up an advisory committee. That does not meet the situation because the appe l will still be to the same jurisdiction. The very fact that the Department of National Revenue is admitting in effect—

The ACTING CHAIRMAN (Mr. Golding): The hon. member cannot refer to a debate that is already closed.

Mr. HANSON (York-Sunbury): I am referring to it merely by way of illustration; I am not criticizing it or anything. I am trying to work up an argument if I have the intelligence to do so.

Mr. MACKENZIE (Vancouver Centre): You are having a hard time doing it.

Mr. HANSON (York-Sunbury): No, I am not having a very hard time doing it; I never have a very difficult time.

The ACTING CHAIRMAN (Mr. Golding): Citation 293 of standing order 41 states that it is not in order to refer to any debate of the same session on any question that is not under discussion.

Mr. HANSON (York-Sunbury): I was not referring to it; I was merely trying to elaborate a principle with respect to an appeal. In that instance the colleague of the Minister of Munitions and Supply in effect assented to the principle for which I was striving. I desire to apply that principle to this bill. That very axiom admits, I think, the injustice of the position taken by the ministry. I beg of the minister to heed the advice and the arguments which are being made with respect to the position that arises by reason of the provisions of this bill. There cannot be a true appeal if the jurisdiction is still confined to the same authority, and that in effect is what exists here to-day. So that I suggest to the minister that, as a matter of common justice to the citizenship of this country, he should give effect to a first and elementary principle of British justice, that an appeal should not be taken from an authority to the same authority. That in effect is what we have here, and it is a violation of an elementary principle of British justice. The minister has control from the beginning to the end, and there is no further opportunity for a citizen or group of citizens who feel aggrieved to get it out of the atmosphere of an administration which has seized jurisdiction and holds on to it like grim death.

I am serious about this. I think the principle involved is absolutely wrong. I should have thought the minister would be glad, once a decision is rendered, to have an appeal vested in a judicial authority which would view the matter dispassionately on its merits and with a view of doing justice as between the subject and the crown, because after all that ought to be one of the fundamental principles of government. With respect, there is a denial of justice here.

Mr. HOWE: My hon. friend is a privy councillor. I suppose he has sat on committees of the privy council that have considered appeals from the board of transport commissioners.

Mr. HANSON (York-Sunbury): I do not recall any.

Mr. HOWE: Probably they were pending at that time: they "pend" for two or three years and then are considered. Perhaps one did not come up in my hon. friend's session. But the purpose of this bill is to set up a workable procedure, and I assure my hon. friend that a workable procedure does not involve an appeal to the privy council, because that just is not a workable procedure. As I have said, since the Transport Act was drawn no appeal to the privy council has succeeded.

Mr. HANSON (York-Sunbury): They have been made.

Mr. HOWE: Many have been made; and the farthest that the privy council has ever gone toward reversing a decision is to send the finding back to the board of transport commissioners for a rehearing, with a view to further evidence being made available.

Mr. HOMUTH: Does my hon. friend mean the privy council or the governor in council?

Mr. HOWE: The governor in council.

Mr. HANSON (York-Sunbury): There is a reason for that, and the reason is that the board of transport commissioners is a judicial body exercising judicial functions. This is not a judicial body.

Mr. HOWE: It is.

Mr. HANSON (York-Sunbury): It is a ministerial body.

Mr. HOWE: Not at all.

Mr. HANSON (York-Sunbury): Well, I can read the English language.

Mr. HOWE: If my hon. friend will read the English language he will find that on every subject except one the finding of this board is a decision subject only to an appeal to the minister.

Mr. FRASER (Peterborough West): The way this is set up it is just like a youngster at school being reprimanded by the teacher and then having to appeal to the teacher.

Mr. HOWE: That may be my hon. friend's view.

Mr. FRASER (Peterborough West): I think it is right.

Mr. HOWE: If we have a few grown-up people studying the bill we may get different views.

Mr. HANSON (York-Sunbury): That is a very improper observation.

Mr. FRASER (Peterborough West): I do not think the minister has any call to say anything of the sort. He is too dictatorial.

Mr. HANSON (York-Sunbury): Too impatient.

Mr. FRASER (Peterborough West): I think the minister should give our representations a little attention. I am going to vote for this

amendment, and I believe the minister will be well advised to consider it carefully. The Minister of National Revenue, with respect to income tax, has a board set up for the purpose of appeals, but he does not sit on that board. If the governor in council looks after this matter it will not be the affair of just one man; it will be the cabinet itself. That is the way it should be, and that is why I am going to vote for the amendment.

Mr. DUPUIS: Listening to the argument advanced by our good friends on the other side—

Mr. GREEN: And the hon. member for Calgary East.

Mr. DUPUIS: —I recall vividly the days gone by. The hon. member for Vancouver South and the hon. member for Lake Centre, in particular, give the signal of so many storms in this house. I say that listening to these gentlemen, and also and especially to the hon. member for York-Sunbury, I recall vividly the days gone by, when we were sitting in their places—

Mr. HOMUTH: You will be there again too, in smaller numbers.

Mr. DUPUIS: —and they were sitting here. My good friend the ex-leader of the opposition was at that time a minister of the crown in the Bennett government, and in those days legislation was brought down and submitted to this house which contained powers much more arbitrary than those under discussion.

Mr. HANSON (York-Sunbury): No.

Mr. HOMUTH: Name one.

Mr. MACKENZIE (Vancouver Centre): The marketing board.

Mr. DUPUIS: I will name so many that my hon. friends will be astonished.

Mr. HOMUTH: Name them.

Mr. DUPUIS: It is not a reproach I want to make. I just want to come to this, and I think the hon. member for York-Sunbury will admit what I am going to say. I remember special legislation which was brought down by the then Secretary of State, Mr. Cahan, in which arbitrary power was vested in himself as a minister of the crown.

Mr. HANSON (York-Sunbury): What bill was that?

Mr. DUPUIS: Being then a young member and having less experience than I have to-day, I took the position which has been taken by the hon. member for Vancouver South—

Mr. HOMUTH: What bill was that?

Mr. DUPUIS: —and the hon. member for Lake Centre. I remember hearing the Right Hon. R. B. Bennett, whom everybody will admit was a great parliamentarian, giving us members a lesson.

Mr. MACKENZIE (Vancouver Centre): A lecture, not a lesson.

Mr. DUPUIS: A lecture.

Mr. HANSON (York-Sunbury): He could give you a lesson too. The trouble is you were too obtuse to learn from him.

Mr. DUPUIS: I would go so far as to say that he gave us a lesson. He gave reasons why a minister of the crown should have this delegation of power to himself, and I should like hon. members on the other side to read the remarks made at that time.

Mr. HOMUTH: Name the bill.

Mr. DUPUIS: I have mentioned that legislation brought in by Mr. Cahan.

Mr. STIRLING: What was the legislation, so that we can look it up?

Mr. DUPUIS: It was in 1934.

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. HANSON (York-Sunbury): Never mind "order". The hon. member is referring to a certain bill. We want to know what it is.

Mr. DUPUIS: I know the hon. member is intelligent enough to—

Mr. HOMUTH: We cannot read your mind; no one else could, either.

Mr. DUPUIS: —understand that there is no choice. All this legislation which was brought down by the Bennett government was a hundred times worse in this respect than the matter now under discussion. On the legislation submitted by Mr. Cahan the right hon. gentleman gave a very clear argument in favour of delegating such power to the minister. In this subsection which we are now studying and in connection with which the member for Vancouver South has proposed an amendment, the minister has the power to decide in the last resort—

An hon. MEMBER: Everything.

Mr. DUPUIS: Yes, but the hon. member must remember that the minister is a member of the privy council. He knows perfectly well, and so does the hon. member for York-Sunbury, that this is so. I am sure the hon. member for York-Sunbury, when he was a

member of the round-table, would not be able in those days to pass any legislation which he wished to pass even as a minister unless it had been agreed to by the big boss, the Right Hon. R. B. Bennett. He would not allow anything to pass unless it had been first submitted to him at the council table, and I do not need to be a prophet to know that every time legislation such as we have before us to-night, brought down by the minister of munitions, is introduced, it has been submitted to the cabinet beforehand, and anything that will be decided in accordance with the subsection which is now before us will be decided in the privy council before the final decision of the minister is made. The hon. member for York-Sunbury is a learned lawyer and he knows that very well, so that I think I may quite appropriately repeat the words of Shakespeare, "Much ado about nothing."

Mr. HOMUTH: The hon. gentleman has made certain statements with respect to legislation submitted in his day by Mr. Cahan as Secretary of State, and he states that that legislation had even more power than this, or at any rate similar power. So far as most members are concerned, he is talking in riddles. He ought to specify the legislation to which he is referring.

Mr. DUPUIS: All the legislation brought down by the Bennett government.

Mr. HOMUTH: If he is saying that all the legislation passed in those years was of that kind, my hon. friend is talking through his hat. Let him be specific. If he knows of such legislation let him tell us what it is.

Mr. MACKENZIE (Vancouver Centre): The marketing act.

Mr. HOMUTH: That is entirely different.

Mr. HANSON (York-Sunbury): There is nothing in the marketing act comparable with this.

Mr. MACKENZIE (Vancouver Centre): Ten times worse.

Mr. HANSON (York-Sunbury): The major piece of legislation introduced by the former Secretary of State was with regard to amendments to the Companies' Act and the Farmers' Creditors Arrangement Act.

Mr. DUPUIS: And the marketing act.

Mr. HANSON (York-Sunbury): That was not brought in by Mr. Cahan at all. The hon. gentleman's memory is bad; he is drawing on his imagination. I am wondering what he rose for anyway, because he has not added to the sum total of the knowledge we have to-night.

Mr. DIEFENBAKER: As I listened to the hon. member for Chambly-Rouville (Mr. Dupuis), I was reminded of the lawyer who, when faced with authorities on the other side, contradicted them, and when the judge asked him that his authority was, answered, "Well, my lord, we can find it somewhere in the books." That is the attitude taken by the hon. gentleman.

There is a question I would ask the minister having regard to the authority which he will have under this subsection and under the other sections if not amended. How soon does the government intend to set up the air transport board? Will the minister permit the board to hear applications for licences before the end of the war? Under this section, if the board were to refuse to issue a licence prior to the end of hostilities, what attitude would the minister take in the matter as a question of policy?

Mr. HOWE: The board will be appointed as quickly as can be arranged, after the act becomes law, and will proceed immediately to receive applications for franchises. Franchises will be granted as soon as the board can be convinced that suitable equipment can be made available to operators. There is no civilian equipment being manufactured at this time available to any air line operator, either here or in the United States. In the United States a few aeroplanes that were taken from air lines in the early days of the war are being returned to those lines, but no new equipment has been sold to any air line, to my knowledge.

Mr. HANSON (York-Sunbury): The proposals are in the dim and distant future, depending on when the war will end and the facilities that are available.

Mr. HOWE: That is right.

Mr. HANSON (York-Sunbury): So that there is no necessity for this act at this session?

Mr. HOWE: Oh, Yes.

Mr. HANSON (York-Sunbury): I would not think so if you cannot get anything to fly with.

Mr. HOWE: My hon. friend seems to think that applications for airlines are determined by drawing them out of a hat.

Mr. HANSON (York-Sunbury): Oh, no.

Mr. HOWE: I can assure him that studies must be made before a route can be designated, or before it can be assigned. Those studies are comprehensive. Applications in the

United States usually take at least twelve months to pass through the mill. In Canada, if proper consideration is given, it must be a matter of months to determine whether or not an application should be granted. That is, assuming that we plan to give all air operators a reasonable chance to offer their wares when making an application. That work will be put in hand at once, and operations will commence as soon as the board can be convinced that the equipment and personnel situation is such as to warrant the commencing of operations.

Mr. HANSON (York-Sunbury): That is to say, applications will be received from everybody but the railways and the surface transmission lines. The minister some weeks ago made the statement that he knew of no jurisdiction in the world which was allowing railway and steamship companies to operate air transportation.

Mr. HOWE: I did not say that.

Mr. HANSON (York-Sunbury): Is he aware of the situation in England and is he willing to retract that statement?

Mr. HOWE: I made no such statement. I said there were certain interior lines in England in which there is a railway interest, not full ownership but a majority interest. I gave that as an example and said I was not aware of a similar situation in any other country.

Mr. HANSON (York-Sunbury): The minister must have made the statement on another occasion because I was struck by it, and more forcibly struck by the statement that was published almost immediately afterwards that surface carriers, including steamships, control all lines in Britain and that none were national and none owned or controlled by the government. Of course, it goes to show—

Mr. HOWE: Has my hon. friend ever heard of British Overseas Airways?

Mr. HANSON (York-Sunbury): Yes, I have seen them and travelled with some of their pilots. That is international, but that is not what I am driving at. We are dealing here with air communications in the country. That is what this bill will be for. So that the situation is not what the minister represented it to be, as I recall what he said.

Mr. HOWE: If my hon. friend will read the debate in full he will find that it was said that the railways in Britain have an interest in the ownership of internal air lines, and the names of the air lines were mentioned in the debate.

Mr. HOMUTH: I rather think that perhaps the government, in spite of the fact that they are threatened seriously, not only by the opposition but by the hon. gentlemen to my left, are trying to swallow the platform of the hon. gentlemen to my left and take full control of any chance that private enterprise may have so far as air lines are concerned. I think back to 1921 and 1922 in the province of Ontario when we had very little control over bus and truck transport, and not as much control over the registration and regulation of private automobiles as we have to-day. I sat on a committee of the Ontario legislature. We spent many months drawing up an entirely new highway traffic act which has been changed very little since that time. We then set up regulations for buses, for private traffic lines, and prepared to give franchises to the bus lines operating on various highways in Ontario. Toward the conclusion of our meetings I suggested that perhaps it might be well if we asked the railways to come in and give us the benefit of any surveys that they might have made of bus and truck traffic. We did approach the railways and they said they had nothing to submit. So far as passengers were concerned the bus traffic was not a particular menace to them at that time, but we see what has happened since. When the buses really became a heavy carrying traffic organization in the province the railways came into the picture and asked for franchises to operate either in competition with existing lines or exclusive lines on certain highways in the province. Those have been granted, and we find that to-day we have built up in Ontario one of the finest systems of bus, truck and railway transportation of any province of the Dominion of Canada. They are doing it in competition with each other; they are doing it in such a way that those who travel by or ship by any one of those means of transportation are getting the very highest type of service. While it is regulated by the government the franchises are not subject to some particular ministerial approval.

I think what we have to watch in this whole picture is that those people who have spent millions of dollars in developing the bus and truck transportation business in this country are not going to be stymied by being subjected to the approval of some particular minister, whether he be the present Minister of Transport or our minister of transport when the election is over.

Mr. MACKENZIE (Vancouver Centre): You are getting funny.

Mr. HOMUTH: There is nothing funny about that. You will be inside the tiger. Let me say this, Mr. Chairman. I am very serious about this. The bus companies that are able to serve certain districts and realize that they

cannot extend that bus service to outlying districts have spent many thousands of dollars on the development of helicopter service to those particular districts so that they may bring those people into common centres and on to some direct air line, because we are not going to have an air base in every town and city in this country; the thing is impracticable; it is impossible to do. But we can have a central air field where people will come in by feeders, from bus and helicopter service to supply those particular air lines. These things must be worked out, not in competition with each other but in cooperation with each other. Certainly we are not going to be able to do it under this bill. Many of the large bus companies have to-day invested a great deal of money in their business. They are doing a real service to the people of this country. They have been planning for this future development when the war is over, when they can get equipment and supply the helicopter service from one point to another until finally they feed the central point.

This bill puts them in a position where everything is predicated entirely on whether or not the Minister of Transport is willing to let them do it and willing to have them. We are gradually working toward a position in this house where we believe in private enterprise—at least we think we do; we in this group do anyway. We do believe in private enterprise—and the freedom of opportunity, as suggested by my hon. friend—and on the other side of the house they have been so accustomed to regimentation during the past four years, order in council government and the rest of it, that they are trying to out-C.C.F. the C.C.F.ers and bring this whole thing under one control so that private enterprise has no opportunity at all.

Surely hon. members of this committee, not hon. members of this party only, whose ridings are served by private enterprise, whose ridings are served by those people who have invested millions of dollars in truck, passenger and transport service, are not going to sit here and see the whole thing menaced by placing it under the control of any one man whose rule is final and whose judgment may be perhaps, unfortunately, measured by some political expediency. I think what we have to do is to see to it that political expediency does not enter into the post-war period of this country. No cabinet minister should have the power to say "yes" or "no" to something that means so much in the future development of Canada. I am speaking particularly of Ontario and Quebec that have gone far ahead of other provinces in their development of truck and transportation business and that are spending large sums of money on research work, and are trying to build up for the future of this country and the impetus that is going to be given business by immigration and so on, transportation systems that will look after the post-war period. For that reason I think every hon. member who is served by any of those companies, regardless of where he is situated or to what political party he belongs in this house, should see to it that this power is not given to the minister, and that the amendment moved by my hon. friend is carried.

Mr. HOWE: May I point out to my hon. friend that he has chosen a very interesting example in discussing the development of truck and bus franchises in Ontario. That development has been guided by a board, very similar in form to the proposed air transport board, and the authority in that case is exactly the same as the authority in this case.

Mr. HOMUTH: Oh, no.

Mr. HOWE: Oh, yes.

Mr. HOMUTH: There is an appeal.

Mr. HOWE: An appeal to whom?

Mr. HOMUTH: My hon. friend knows there is an appeal.

Mr. LOCKHART: Did I understand from the minister that no discussions have been held with bus companies in the preliminary study of these matters? I believe that discussions have been held with the railways.

Mr. HOWE: If I remember correctly, one or two applications have been filed by bus companies for helicopter routes. May I explain to my hon. friend that a helicopter route is not a practical matter at the present time. The helicopter has yet to be invented, in a practical form, for running any route. Possibly in ten years there will be practical helicopters and at that time routes of that kind will become important, but at the moment any government would be betraying its trust if it assigned helicopter routes to any bus companies. So far as I know, no bus company has ever applied for an aeroplane route.

Mr. LOCKHART: I made no reference at all to helicopter service, but I understood the minister to say that there had been no discussions with bus companies in connection with any general scheme. I wanted to know why other surface transportation companies had been conferred with, while large bus companies had not been called into consultation.

Mr. HOWE: I think the consultation has been about equal with all forms of surface transportation.

Mr. LOCKHART: Have not many objections reached the minister to subsection 8 of this bill? Have not protests come from all parts of the country that this gave too much authority to any single individual? Would the minister answer that question? I am informed that many protests have been sent in. Is that correct?

Mr. HOWE: No; there have been very few. As a matter of fact I have had more protests in connection with much less important matters than I have had in this connection. There have been perhaps fifteen or twenty letters.

Mr. ADAMSON: The contention of the Gray Line bus company was that the helicopter was a definitely practical possibility in almost the immediate post-war period, for short hauls.

Mr. HOWE: Does my hon. friend know where to buy one?

Mr. ADAMSON: I understand the Stinson company are making them at the present time.

Mr. HOWE: Who?

Mr. ADAMSON: The Stinson company.

Mr. EDWARDS: Would the minister indicate why provision should be made at all for an appeal from a board of three to a single individual? Why not leave it with the board and let its decision be final? The hon. member for York-Sunbury drew an analogy which to my mind was compelling, in connection with the operation of the Income War Tax Act. I know of nothing that causes the taxpayer so much dissatisfaction as to find that when he launches his notice of appeal it goes to the commissioner, who gives his decision; then when the appeal is filed it goes directly to the same source. The only justification I have been given for that course of conduct—and I raised this question before I was ever a member of this house—was explained to me in this way. The officers of the department admitted that it was in effect an appeal to the very man who had rendered the decision in the first place, but to their way of thinking it was justified in that the matter came back to the same man, who was required thereby to give more particular attention to it than had been given in the first instance. Of course that was tantamount to admitting that it had not received the attention it deserved in the first place. At that time I was told that by far the greater proportion of those who served notice of dissatisfaction and then pursued their contention to the extent of serving notice of appeal had their grievances dealt with by negotiation. They actually sat down at a table with the interested parties and got down to the merits of the thing.

Mr. HANSON (York-Sunbury): They had to put up $400 as security for costs, too.

Mr. EDWARDS: That is true. Personally I do not like the theory or the principle enunciated in this bill. I would feel much safer, and would consider that I could justify the position, if the decision of the board in the first instance were made final, with no appeal, rather than to have an appeal to the minister from this board of three men, who have exercised their best judgment. Why should there be an appeal to one man from a board of three? I would much prefer it left with the board. In connection with the question asked from the other side of the house a short time ago, I might add that to-day I received three communications protesting against this principle.

Mr. GILLIS: Evidently there is going to be a vote on this clause, so that I should like to make my position clear. From the discussion that has been carried on to-night it seems to me my hon. friends to my right are very anxious to get the wedge of free enterprise into this bill. I agree with the minister; I think from the start he has taken the proper attitude, in that this very important industry is going to be managed and controlled by the government, and properly so.

Mr. KNOWLES: But not owned.

Mr. GILLIS: He will come to that later. Then I can understand some hon. gentlemen to my right being so anxious about this matter of appeal. You get an appeal in this country under any circumstances if you have enough money. That has been my experience.

Mr. HOMUTH: Oh, no; that is not fair.

Mr. GILLIS: It seems to me that in leaving it with the minister we are making someone directly responsible for seeing that the functions of the board are carried out. If there is dissatisfaction with a decision of the board there is the right of appeal to the minister. The minister is responsible to this House of Commons, which becomes the court of second instance. Then, since the minister has the supreme responsibility for enforcing the act, through the medium of the board, we as members have the right to make him render an account of his stewardship here in the house.

Mr. HANSON (York-Sunbury): By then the damage is done.

Mr. GILLIS: But it can be corrected. Hon. gentlemen to my right think the appeal should be not to the minister but to the cabinet. I am a little sceptical of that. The cabinet consists of quite a few men, the great majority of whom are not as familiar as the minister is with the workings of this act. An important development might be held up for years awaiting a decision by a body of men who have not the responsibility of administering the act in the first place, and who do not understand it. The next thing you know you will have a commission appointed to find out whether or not you should go ahead with a certain project. In the interests of getting something done I am prepared to place the responsibility, as this bill suggests, in the hands of the minister, who will be handling it through his board. If that board and the minister are not doing the things that should be done to develop the industry, then we in the house are the people to whom they should be answerable.

Mr. HOMUTH: He is handling your coal business in Cape Breton; are you satisfied with it?

Mr. GILLIS: Every once in a while I am going to talk about it in the house. I am glad the fuel business is in the hands of the present minister.

Mr. HOMUTH: Are you satisfied?

Mr. GILLIS: We have made more progress in the last year in connection with exposing the disability of that industry than we have made in the past twenty-five years.

Mr. HOMUTH: Have they cured them?

Mr. GILLIS: We are pulling the smoke-screen from that industry, and getting a fair look at it to-day.

Mr. HOMUTH: Is it being changed?

Mr. GILLIS: I am hoping we are going to improve it.

I have risen only to make our position clear. As far as we are concerned, we are prepared to support the minister and place the responsibility in his hands. We are going to hold him responsible in this house, while my hon. friends to the right suggest that the responsibility should be passed along to the cabinet, where no one will be responsible.

Mr. HANSON (York-Sunbury): And then you go out to Port Arthur and defeat him in the next election.

Mr. DUPUIS: Mr. Chairman, after the accusations which have been made I think it is only proper that I should satisfy hon. members opposite with respect to certain legislation. My good friends claimed I could not put my finger on such legislation. I say this to them, that I can put my finger on scores of measures like that, in 1934. I would refer first to a section in an act similar to the section we are now discussing. I find one which is a hundred times worse, much more drastic than the one now before the committee. I refer my hon. friends—and what do you call them? Is it "Thomases"?

Mr. HOMUTH: It was Peter who doubted. Your Bible is wrong.

Mr. HANSON (York-Sunbury): No, the hon. member is right; Thomas was the doubter.

Mr. MACKENZIE (Vancouver Centre): He had better read it again.

Mr. KNOWLES: Which church did you say you belong to?

Mr. DUPUIS: Where is the hon. member for Lake Centre? I would refer the committee to the statutes of 1934. This is section 9 of the Excise Act passed in that year:

> The minister may for any reason—

"For any reason."

> —which he deems sufficient in the public interest refuse to issue any licence or to grant any privilege authorized by this act, or may suspend, cancel or revoke a licence granted or any privilege given by this act.

Is that similar, or is it worse?

Mr. HANSON (York-Sunbury): That is not even a parallel case. It is not comparable. That is the exercise of a ministerial discretion. The two are not the same, at all.

Mr. DUPUIS: And then subsection 2 is as follows:

> The minister may authorize the commissioner to exercise on his behalf the powers, or any of them, conferred on him by this act.

Mr. HANSON (York-Sunbury): That is a delegation of power to the commissioner.

Mr. DUPUIS: Is that not drastic? That is the totalitarian system. Not only had the minister directionary powers; he had full powers.

Mr. HOMUTH: Is the hon. member reading the whole book?

Mr. DUPUIS: No, but I hope my hon. friend will read all the legislation passed by his heretofore friend, Viscount Bennett. If he does that he will be satisfied.

Mr. HANSON (York-Sunbury): I venture to say that the sections the hon. member has read have been in the Excise Act for fifty

years, and have been reenacted. They are only a delegation of power, or a delegation of ministerial authority to a commissioner. In the other case it is the exercise of ministerial discretion. They do not bear the slightest resemblance to the section before the committee to-night.

Amendment (Mr. Green) negatived: Yeas, 22; nays, 43.

Mr. GRAYDON: The majority is getting less all the time.

Subsection agreed to.

On subsection 9—Cancellation or suspension of licence.

Mr. GREEN: Would the minister explain this subsection?

Mr. HOWE: This subsection gives the board power to suspend or to cancel a licence, in case an operator has not carried out the regulations.

Subsection agreed to.

On subsection 10—Appeal.

Mr. GREEN: Subsection 10 is even more objectionable than subsection 8. This provides for an appeal where a licence has been suspended. Subsection 8 referred to the issuing of a licence. If an applicant did not receive his licence, he might appeal; but subsection 10 covers the man who has actually received his licence, and has then had it cancelled or suspended. Again the appeal is only to the minister. There is a further power of cancellation or suspension in section 13 of the act, a power which is even more drastic than the one we are discussing. The board is authorized under section 13 to investigate all existing licences, and is given carte blanche to suspend or cancel any of those licences. I presume, if there is any appeal at all in the event of such drastic action, it must be to the minister.

I suggest to the committee that this is a clear case where the appeal should be to the governor in council, and not to the minister. In the legislation being brought before the house there is a distinct trend away from cabinet responsibility, and toward giving ministers absolute out-and-out power in everything. I suggest that is a dangerous trend, and one which should be stopped. I presume this practice has arisen because during the war years the government has passed so many orders in council it has simply got into the habit of doing things by short-cuts.

However, the bill before the committee is not a measure for the war period. This is a measure concerning civil aviation, and it sets out the domestic aviation policy of Canada for the post-war years. We should not have any short-cut war measures in connection with this bill. What it amounts to is this, that anybody wishing to obtain a licence or anybody who, having obtained a licence, has had it cancelled or suspended, will have to go hat-in-hand to the Minister of Munitions and Supply, or whoever is in charge of civil aviation at that time, and try to make a good fellow of himself, in the hope that he may get some consideration. That is not a good enough way to build up a great system of civil aviation in Canada. It cannot be done in that way.

I move in amendment, therefore:

That subsection 10 of section 12 of Bill No. 133 be amended by substituting for the word "minister" therein the words "governor in council".

Mr. HOWE: As I said before, the purpose is to set up a board that will control civil aviation. We will assume that the government intends to place in charge of civil aviation in this country a board that will carefully consider its position and make its judgments after due examination. This bill gives the appellant the right to go to the minister and tell its story. It can go to the minister as a matter of right. If the minister believes that the board has acted too harshly, he can ask the board to reconsider the matter. This is a similar procedure to that explained by the Minister of National Revenue. He can ask the board to have another look at the problem. I think that is as far as any minister would logically go. From my own experience in government, I do not believe that any minister, on his own authority, would reverse the finding of a board.

I think what he would do is just what the governor in council has been doing for years with appeals from the board of transport commissioners. The minister would ask the board to reexamine its finding. The reason why the minister is mentioned in the bill, rather than the governor in council, is to have appeals dealt with expeditiously. Appeals to the governor in council become automatic, because the delay involved works on the side of the applicant. This delay has prevented the removal of rail lines which should have been removed; it has prevented the abandonment of services which deserved to be abandoned. It has simply been another way of getting an extension of several months. An appeal to the minister can be made quickly, and it cannot be made the means of delay, as is the case with railway applications.

Amendment (Mr. Green) negatived: yeas, 17; nays, 29.

Subsection agreed to.

Subsection 11 agreed to.

Section agreed to.

Mr. HOWE: May I ask the committee to revert to section 11. At the previous sitting an amendment to this section was moved and carried, but earlier during this sitting the Chairman called section 11 carried, whereas it should have been called "carried with amendment". The amendment was that the section be amended by inserting the following as paragraph (i) after paragraph (h):

Prescribe maximum hours and other working conditions for pilots and co-pilots employed by any air carrier.

The remaining paragraphs were to be relettered (j), (k) and (l). I am just calling the attention of the Chairman to the fact that section 11 should be passed as amended.

On section 6—part II—new section 13—Reviewing of former licences.

Mr. DIEFENBAKER: Before we proceed with this section may I suggest that here is the appropriate place to insert the amendment to subsection 12 to provide an appeal on questions of law to the supreme court.

Mr. HOWE: I propose to insert a new section 18 to cover that.

Mr. GREEN: Section 13 is drastic and I think the minister should explain why it is included in the bill. This section gives the air transport board the power to cancel or suspend any licence in existence at the time the board commences its work. In 1938 when the Transport Act was passed setting up the board of transport commissioners just the reverse procedure was followed. Those companies that had licences continued to operate, but now for some reason or another all licences have to be reviewed and the board may cancel or suspend any of them. Why is it necessary to take such drastic powers? Are there licences outstanding which the minister thinks should be cancelled?

Mr. HOWE: The purpose of this section is to allow the board a reasonably free hand to reorganize the air transport services of Canada. I can assure my hon. friend that the section in question will not be used in an arbitrary way, but the board must have power to regroup the air lines in a more orderly way than the present.

Mr. GREEN: Is there any appeal from these cancellations?

Mr. HOWE: No appeal.

Mr. GREEN: I understand that the licences are from year to year in any event.

Mr. HOWE: Not necessarily; they are for such time as the minister may decide.

Mr. GREEN: Are not licences granted yearly?

Mr. HOWE: Yes, that is true; they are renewed every year.

Mr. GREEN: Why the necessity of this section? It could not be longer than a year before all licences would expire automatically. When the licences are renewed the conditions which the minister wishes to impose could be put in the new licences. Why give the board the power to cancel existing licences?

Mr. HOWE: This is just to serve notice that the board have the power. A licence could be allowed to expire and not be renewed, but it has never been the practice to do that. Notice is being served that the board has the right to cancel licences.

Mr. GREEN: Could not that be done by letters to the licencees? There are not a great number of them. It seems to me that that would be a far better way to do it rather than putting an arbitrary section of this type in the statute. This section will be of no value once the board has reviewed all the licences. I suggest that it would be far better to send out a letter pointing out that all licences will expire at the end of the year and that they will not be renewed without further consideration being given to them.

Mr. HOWE: The government believes it desirable to serve notice on all air lines that the new board will have the power to cancel franchises. It seems a desirable way. Simply a letter from an official of the department to the licencees might not be considered sufficient notice.

Mr. GREEN: They all know now that their licence is good only for a year, do they not?

Mr. HOWE: Well, they know that technically, but they all believe that the licences are continuing licences.

Mr. KNOWLES: It is a public announcement that the crown is going in for government control.

Mr. JACKMAN: If the government is allowed to regroup the present lines under this section, what provision is there for compensation in case any particular line is damaged?

Mr. HOWE: There is no compensation for a franchise. Franchises are not for sale. They are the property of the crown. There is no compensation for the cancelling of a franchise. Compensation may arise out of facilities in-

stalled on air lines or equipment used in the operation of air lines, but franchises are not for sale.

Mr. JACKMAN: Where is the compensation, then, in case the facilities are no longer usable by that company or nothing can be got for them in case they are sold?

Mr. HOWE: That will have to be considered.

Mr. JACKMAN: If the minister expects that civil aviation in this country is going to develop and there are going to be any number of private lines, whether they be large or small, I certainly believe that the provisions of this bill as we now have them before us will prevent any capital from ever flowing into the civil aviation or transport industry in Canada. It will remain a pure government monopoly, and it will probably wither, as nearly all government monopolies do, because they have not the enterprise, vigour and freedom that private enterprise gives. One of the first things that is going to happen from the passing of this measure is that young men, the ones with vision in this industry, will leave Canada, resign from the existing private air transport companies, and go to the south. Already many of them have had offers from the companies there; and we are going to find that the air transport industry here will be on a much diminished scale compared with what it would be if we allowed free enterprise and permitted these various companies some assurance that the investments which will be made in them will be given a fair opportunity to earn a return. As it is, the minister says that they have a licence for only one year, which may be cancelled at any time; yet as sensible people they believe that the government or this department will adopt a sensible attitude, and that the privilege or the licence will be renewed from year to year. Now the minister wishes to insert in this bill clauses which will allow their facilities to be taken over without any compensation whatsoever. All I can say is that this bill is a complete warning to private capital to stay entirely out of the air transport industry in Canada.

Section agreed to.

On section 6—part II—new section 14—Former licences continued.

Mr. HOWE: I should like to correct an error in the printing of the bill, and to amend section 14, line 41, by striking out the words "on or after" after the word "valid" and substituting therefor the words "one year after". "On or" should read "one year."

[Mr. Howe.]

Mr. KNOWLES: That explains a lot.

Mr. MACKENZIE (Vancouver Centre): I so move.

Amendment agreed to.

Mr. GREEN: In section 12, subsection 2, the minister has provided that no company engaged in any other form of transportation shall have an air line, and when he made his speech in March in which he gave the policy of the government on domestic aviation he said that the railway companies were to be forced out of the air business within a year after the war. This section 14 goes much further than that; not only does it purport to cancel licences which have been issued to railway companies, but it cancels all licences. Why is it necessary to do that?

Mr. HOWE: What others are there?

Mr. GREEN: I do not know. There is one. I understand, in the maritimes. Why should all the licences be cancelled at that time?

Mr. HOWE: It seems the simplest way to do it.

Mr. KNOWLES: Part of your reorganization, is it not?

Mr. HOWE: Yes. There is, I think, only one licence outstanding other than railway licences.

Mr. GREEN: There might be quite a few others before this date set, which is one year after the termination of the war.

Mr. HOWE: I have great confidence that the board would not issue a licence and then cancel it, except for cause.

Mr. GREEN: The minister thinks there will be no new licences issued before the expiration of this period does he; that is, before one year after the end of the war?

Mr. HOWE: Well, this section refers to the old licences.

Every licence issued under part III of the Transport Act, 1938, or under part VII of the air regulations, 1938. . . .

Those are the only licences referred to in this section.

Section as amended agreed to.

Section 6—part II—new section 15 agreed to.

On section 6—part II—new section 16—Governor in council may grant assistance.

Mr. JACKMAN: Will the minister explain this, please?

Mr. HOWE: As I explained earlier in the debate, the practice in the past has been to

assist the establishment of a new line by granting a subsidy through the post office—a subsidy, rather than a payment for services rendered. The post office objects to the principle—I think the principle is not very sound—of paying too high a price for the transportation of mail simply for the purpose of assisting the establishment of a new air line. The policy which the government intends to follow in future is that the post office will pay a reasonable amount for the carriage of mail. If a further subsidy is required, to permit the establishment of the line, the subsidy will be paid as a subsidy from funds voted by parliament for that purpose. We believe that is a much more honest way of subsidizing new operations, than to do so by giving an abnormally large rate for the carriage of mail.

Mr. JACKMAN: Does this change in principle mean that the T.C.A. contract with the post office will now be revised according to the new principle?

Mr. HOWE: My hon. friend, as a member of the committee on Canadian National Railways, should not suggest that the T.C.A. is subsidized. My hon. friend knows very well that the T.C.A. turns in a very large profit to the post office for the carriage of air mail.

Mr. JACKMAN: I am just asking a question.

Mr. HOWE: Will my hon. friend sit down, please? We like wisdom, but not too much of it at one time. My hon. friend knows very well that the post office does not subsidize the T.C.A. In the initial stages, it did subsidize T.C.A. to the extent that it paid more for the carriage of air mail than it received as revenue from air mail; but that situation has vastly changed, and to-day T.C.A. is a source of revenue to the post office rather than the subject of subsidy.

Mr. JACKMAN: I am merely asking the minister whether or not this new principle which he thinks is fairer—the post office having objected to the principle of it being represented as subsidizing the T.C.A., even though it may work in reverse at times—will apply to a renegotiated contract between T.C.A. and the post office.

Mr. HOWE: There is no need for such a contract.

Mr. JACKMAN: The old contract will continue?

Mr. HOWE: Yes.

Mr. DIEFENBAKER: In so far as men returning from overseas are concerned, handicapped as they will be by lack of capital, is it intended under this section that capital assistance shall be given them to enable them to commence or develop or carry on civil aviation? Recently, in an interview or a statement by the minister, published in *Canadian Aviation*, he referred to the matter of capital assistance. I rise now to ask whether it is intended to be the policy of the department or of the minister that capital assistance shall be given these men; for if that is not the policy I cannot see how these men returning from overseas, with merely a few hundred or a thousand dollars at the outset, will be able to commence a development of the kind suggested by the roseate picture which the minister drew when he originally outlined the policy with regard to aviation.

Mr. HOWE: I have more confidence than my hon. friend in the men returning from overseas.

Mr. DIEFENBAKER: I do not know so much about that.

Mr. HOWE: The men returning from overseas after the last war established air lines and did very well for a considerable number of years. I am not altogether sure that the men returning from this war will not have as much initiative as those men. However, this section will give the board the authority to recommend to the government that assistance be given to newly established air lines, whether capital or by way of operating subsidy. The power is there to draw on funds appropriated by parliament for either purpose, but I do not suggest that any group of airmen can expect as a matter of right to have the government furnish all the capital that will be needed for the operation. That is not the intention. The purpose of a small operation is to make sure that investment in the enterprise will be an inducement to the operator to give service to the area for which he is responsible. That financial inducement is a desirable part of any small private enterprise that will have a part in the plan for the future.

Mr. DIEFENBAKER: Is it the intention of the minister to make available to the men who return from overseas aircraft that might be used for civil aviation, selling those aircraft on a time basis so as to enable them to finance themselves in the initial stages? When the war is over, large numbers of aircraft owned by the Canadian people will be available for civil aviation purposes, and I suggest that consideration be given to permitting the sale of them on a time basis

to these men to enable them to have at least certain facilities available so that they can establish for themselves air services, whether on a small or on a large basis.

Mr. HOWE: It is the policy of the government to-day to sell used military aircraft. It is doing so every day, and arrangements can be made for sale on time, but it would be very unwise for any group of returned men to buy used military aircraft to start a civil line. Military aircraft are not suitable for the purpose, and therefore I would not care to say anything to-night that would suggest to returned men that the way to establish a civil airline is by the use of military equipment. Returning men will be much wiser to buy proper aircraft, built for the purpose, and I have no doubt that the government will find ways and means of giving such assistance as may be needed to enable them to do so.

Mr. JACKMAN: In the wording of the section there is nothing to prevent the governor in council from authorizing the minister to grant a subsidy to T.C.A. The reason why I bring this question up is this. In the Winnipeg *Free Press* of April 11 there appears the following:

> An extraordinary feature of aviation is the proportion of the total costs borne by the taxpayer on the one hand and the operating companies on the other. Startling examples of this have been given in the *Free Press*. For instance, the capital of Trans-Canada Air Lines is about $4½ millions, compared with the $96 millions carried by the public in the shape of airports, emergency landing fields, weather services, beacons and the like.

So that T.C.A. shows a small nominal profit on a very nominal capital of four and a half millions, and yet it has a service of $96 million provided for it of a capital nature. One would say, before this bill was introduced, that these services would be available to other air transport companies, but according to the terms of this bill we find that other companies will be divested of their air transport facilities and that any new capital that might enter the field will be frightened away. I would ask the minister the question, coupling with it the question I have already put to him, whether he will be allowed to bonus T.C.A. under this section. I do not often use T.C.A., but at Easter I was at the airport at Lethbridge coming back from Calgary and there I saw a T.C.A. plane being serviced by an American army truck with gasoline. I could not help wondering what an American army truck, no doubt at the cost of the United States, was doing servicing our T.C.A. planes. Perhaps there was an arrangement, but it seemed most extraordinary. When we got to North Bay, where we had to get off, I saw, as a small item of expense, a safe in the office marked "Canadian National Railways". One wonders who pays for what in T.C.A., and whether the profit is a real profit or actually comes from other public sources such as the publicly-owned Canadian National Railways. I would ask the minister how it is that these items can be reconciled with fair management and with a fair table of operating costs which are directly applicable to T.C.A. and not in the shape of indirect bonuses at the present time.

Mr. HOWE: So far as I know, T.C.A. is not bonused by the United States government. Lethbridge is on the northwest staging route, and if my hon. friend will follow that route he will find American trucks servicing Canadian planes and Canadian trucks servicing American planes, but more Canadian trucks servicing American planes than vice versa. I hope that explains why, on the northwest staging route, which handles some eighty per cent American planes to twenty per cent Canadian planes, the situation referred to can take place. As regards the safe in the T.C.A. office, I suppose it is a matter of saving money by buying a second-hand safe or perhaps borrowing a safe. At any rate, that is not a large transaction. My hon. friend sits in the committee that examines T.C.A. affairs each year, and since he is acquainted with the operations of the line I do not need to explain them to him.

Section agreed to.

Section 6—part II—new section 17 agreed to.

Mr. HOWE: May I ask my colleague to move an amendment, which will be section 18 of part II?

The ACTING CHAIRMAN (Mr. Golding): It is moved by the hon. member for Vancouver Centre that the following be inserted as section 18:

> (1) An appeal shall lie from the board to the Supreme Court of Canada upon a question of jurisdiction or a question of law, or both, upon leave therefor being obtained from a judge of the said court upon application made within one month after the making of the order, decision, rule or regulation sought to be appealed from or within such further time as the judge under special circumstances shall allow, and upon notice to the parties and the board, and the costs of such application shall be in the discretion of the judge.
>
> (2) On the hearing of any appeal, the court may draw all such inferences as are not inconsistent with the facts expressly found by the board, and are necessary for determining the question of jurisdiction, or law, as the case may be, and shall certify its opinion to the board, and the board shall make an order in accordance with such opinion.

(3) The court may fix the costs to be paid upon such appeals, and the rules and practice applicable to appeals from the exchequer court shall be applicable to appeals under this section.

We have to renumber sections 18 to 22. Shall the amendment carry?

Mr. DIEFENBAKER: Just one question. Would the minister explain subsection 2?

Mr. HOWE: It is taken from the Railway Act, subsection 6 of section 52.

Amendment agreed to.

On section 6—part III—new section 19—Regulations to be published.

Mr. KNOWLES: With the renumbering I am not just sure where we are. I wish to ask a question about section numbered 19 in the printed form. Have we arrived at that one?

Mr. GRAYDON: Part III is advanced one in each case.

Mr. KNOWLES: In connection with what was section 19, which I now take is section 20, may I ask whether the laying of these regulations before parliament gives parliament a chance to discuss them in any way?

Mr. HOWE: Parliament can discuss them on the appropriate occasion. Any order in council tabled in parliament can be discussed, either on the minister's estimates or at another appropriate time.

Mr. KNOWLES: They can only be discussed. They have the force of law before they reach that point.

Mr. HOWE: That is right, yes.

Section agreed to.

Section 6—part III as new sections 20 to 23 inclusive, agreed to.

Section 7 agreed to.

Bill reported, read the third time and passed.

TRANSPORT ACT

AMENDMENT TO REMOVE COMMERCIAL AIR SERVICES FROM JURISDICTION OF TRANSPORT COMMISSIONERS

Hon. J. E. MICHAUD (Minister of Transport) moved the second reading of bill No. 101, to amend the Transport Act.

Mr. GRAYDON: I do not recall that the Transport Act was on the agenda for to-day.

Mr. MACKENZIE (Vancouver Centre): It was an inadvertence when the business of the house was announced. This is a conjoint bill with the one we have just passed. It has been discussed in the past immediately after the Aeronautics Act.

Mr. GRAYDON: It was not an oversight on our part.

Mr. MACKENZIE (Vancouver Centre): It was just an inadvertence.

Mr. GRAYDON: I hope that the minister does not expect us to take responsibility for the inadvertence. I did not understand that we were to go on with the Transport Act to-night.

Mr. MACKENZIE (Vancouver Centre): This bill naturally goes along with the one we have just passed. It has been called every night with the other one. Any contentious sections will stand over to another occasion.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Golding in the chair.

Section 1 agreed to.

On section 2—"Harbour toll".

Mr. KNOWLES: Before we go any farther may I ask one omnibus question about this bill? Some of the members of the cabinet may wonder at my asking this question after a criticism about the assurance given on the earlier one. I should like to know if there is anything in this bill other than changes made necessary by the bill we have just passed?

Mr. MICHAUD: Nothing at all. This is merely an amputation bill. The Transport Act is being amputated to the extent that all references to commercial air services are removed and repealed as a consequence of the passing of bill 133, which has just been read a third time and which places the control of commercial aviation under the aeronautics board and act.

Mr. KNOWLES: Will the minister state definitely that there is nothing new in this bill?

Mr. MICHAUD: All negative.

Mr. GRAYDON: If this bill passes and becomes law it will be removed entirely out of the minister's department?

Mr. MICHAUD: No. Control of civil aviation will be moved from the jurisdiction of the board of transport commissioners.

Mr. GRAYDON: That is the question exactly. I want to know that. From then on it comes under the Minister of Munitions and Supply rather than under the Department of Transport.

Mr. MICHAUD: The administration of the Aeronautics Act will come under the Minister of Munitions and Supply for the time being.

Mr. GRAYDON: It is not a question of the time being; it is a question of it being taken out altogether, is it not?

Mr. MICHAUD: No; it was taken from under the jurisdiction of the Minister of Transport by order in council in June, 1940.

Mr. GRAYDON: And this makes it permanent?

Mr. MICHAUD: No. The bill we have just adopted defines the minister as meaning the Minister of Transport or such other minister as may be designated by the governor in council to administer the act.

Mr. GRAYDON: You do not mean to tell me the governor in council has anything to say?

Mr. MICHAUD: Sometimes.

Mr. GRAYDON: Not after what happened in the debate to-day.

Section agreed to.

Sections 3 to 9 inclusive agreed to.

On section 10—Offences of licencees or agents.

Mr. KNOWLES: If the Minister of Munitions and Supply can spare a moment I should like to know whether there is anything comparable with this section in the air transport bill, covering the same situation.

Mr. HOWE: No, Mr. Chairman. As I pointed out to the committee when the air transport bill was under discussion, it has not been the policy to prescribe all the regulations that will necessarily be formulated by the new board. In turning over the administration of the airways to the board of transport commissioners, our difficulty has been that this board was too tightly bound by legislation. All the legislation that had been passed in connection with the railways was brought to bear on the air transport system, and the course of the board was often determined by legal reasons that were not practical reasons, and not reasons that judgment brought to bear on the question would indicate to be desirable. In the Aeronautics Act the purpose is to have the board build up its own jurisprudence as time goes on, meeting each situation as it will arise.

Mr. KNOWLES: By jurisprudence the minister means the regulations to which he referred?

Mr. HOWE: Yes.

Section agreed to.

[Mr. Michaud.]

On section 11—Special rate notices to create trade may be permitted.

Mr. FRASER (Peterborough West): Because of the fact that ships are able to pick up freight in central Ontario, take it down the St. Lawrence and around to Vancouver, we have a cheaper shipping rate to Vancouver by water than to Alberta by rail. In some cases it is cheaper to ship to Vancouver by water and then to Alberta by rail than to send a shipment direct by rail to Alberta. What is the reason for that?

Mr. MICHAUD: The rates charged by rail and water transportation companies have been subject to the control of the board of transport commissioners since the Transport Act was enacted in 1938. That was one of the main objects in mind in passing that act. There are differentials of all kinds in the rates for the transportation of goods by rail; there are differentials in the rates for transportation by water, and there are differentials as between rail and water transportation. These rates are established by the board of transport commissioners, who have the advice of the rate experts of different transportation companies, who consult with the experts of the board. I have not before me the details or the schedules of all these rates, but they are made by order of the board and are subject to appeal if anyone is dissatisfied with them.

Mr. ROSS (St. Paul's): Are all the ports of Canada under the jurisdiction of the dominion government?

Mr. MICHAUD: All ports are subject to some control under some laws of the dominion, but I think the hon. gentleman means to ask whether all ports are under the jurisdiction of the national harbours board. The answer is that not all ports are under their jurisdiction.

Mr. ROSS (St. Paul's): Aeroplanes are out of the picture now, as far as this board is concerned?

Mr. MICHAUD: Yes.

Mr. ROSS (St. Paul's): Then who is to be responsible for the regulation of air traffic in the various ports? I am thinking of the Toronto harbour, which is under the control of the Toronto harbour commission. Who is to be responsible for the regulation of air traffic in that harbour?

Mr. MICHAUD: The aeronautics board.

Mr. ROSS (St. Paul's): Might I ask the Minister of Munitions and Supply who is to have jurisdiction over the coming and going of aeroplanes in a harbour such as that of Toronto?

Mr. HOWE: The city of Toronto owns and administers the airport under the regulations of the air transport board. All aviation is carried on under the direction of federal authority.

Mr. ROSS (St. Paul's): I have in mind particularly the operation of seaplanes.

Mr. HOWE: They come under the control of the air transport board.

Mr. ROSS (St. Paul's): Who will have the final say as to how they are to come and go?

Mr. HOWE: The air transport board.

Mr. ROSS (St. Paul's): The harbour commissioners will have nothing whatever to do with it?

Mr. HOWE: The harbour commissioners will operate the seaplane base, just as they operate the land plane base, as the owners; they will direct traffic in connection with both, in accordance with the rules laid down by the air transport board.

Mr. ROSS (St. Paul's): They will direct traffic of the air boats, not the steam boats.

Mr. MICHAUD: The harbour of Toronto, so far as navigation by water is concerned, is independent in making its regulations for incoming and outgoing boats. I understood my hon. friend to ask whether rates for transportation of goods into that harbour would be under the jurisdiction of the board of transport commissioners. I believe they will continue under the jurisdiction of that board, inasmuch as it has been given jurisdiction by the Transport Act of 1938. This change will not affect the movement of goods into or out of the port of Toronto by water.

Mr. ROSS (St. Paul's): As I understand it, the harbour commissioners have the regulation of all traffic in the harbour.

Mr. MICHAUD: That is correct.

Mr. ROSS (St. Paul's): We shall now have two controls in Toronto harbour. The board connected with civil aviation will now come into the picture and, I suppose, will make regulations. I understand that the harbour commissioners will have to carry those out. Is that correct? Who will have the final say in the matter?

Some hon. MEMBERS: Carried.

Mr. GRAYDON: I thought the minister was going to answer.

Mr. ROSS (St. Paul's): I thought so, too. I should like to know something about it, as to how it is to be arranged.

Mr. HOWE: May I explain the air matter. The owner of an airport who is also the operator of the airport, has charge of traffic on that airport. But there are certain rules of the air laid down by the air transport board, and those rules must be obeyed. They are made in the interests of safety, and the operator of an airport must carry them out. If an airport is licensed, to maintain that licence it must live up to the traffic and safety rules laid down by the air transport board. Similarly, railroads must operate according to safety regulations laid down by the board of transport commissioners, and marine traffic must be regulated in the interest of safety, according to the rules laid down by the Department of Transport at Ottawa.

Section agreed to.

Sections 12 and 13 agreed to.

Bill reported.

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

Tuesday, July 18, 1944

The house met at eleven o'clock.

SOCIAL SECURITY

CONCURRENCE IN SECOND REPORT OF SPECIAL COMMITTEE

Hon. CYRUS MACMILLAN (Queens) presented the second report of special committee on social security, and moved that the report be concurred in.

Motion agreed to.

QUEBEC ELECTION

PRESS REPORT OF STATEMENT OF MR. DUMOULIN AS TO EXEMPTIONS FROM MILITARY SERVICE

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I should like to direct the attention of the Minister of Justice —and perhaps, as he is not in his seat at the moment, he may take this as a notice, and also the Minister of Labour, whose parliamentary assistant is in his seat now and would perhaps take this as a notice—to the desirability of investigating a report which appears in nearly all the newspapers this morning and refers to mobilization matters in the province of Quebec, and also, I think, touches upon the question of the defence of Canada regulations. This is the statement which I read in the Canadian press:

Mr. Dumoulin, member of the legislative assembly for Montmorency for the last five years—

And who is Liberal candidate.

—was quoted as saying—

Mr. MACKENZIE (Vancouver Centre): Order.

Mr. GRAYDON: Mr. Dumoulin said:

Go to all parishes of this county and you will see that young men are as numerous everywhere as before the war. I have done everything possible in order that you may forget that there is a war on and that we have got mobilization.

I should like the ministers to investigate that, because it seems to me that, first of all, it is an interference with the mobilization regulations, and secondly, a breach of the defence of Canada regulations.

Mr. SPEAKER: This is a question which should not be asked on the orders of the day.

Mr. GRAYDON: Surely if this question cannot be asked in this house no question can be asked. As leader of the opposition I have the right to ask the government to investigate so serious a statement as this, because four years ago a prominent man of the same province was interned for a similar sort of statement. Perhaps this has not been correctly reported, and I am asking only for an investigation, not that anything be done before inquiry is made.

Mr. MACKENZIE (Vancouver Centre): Mr. Speaker, I must reluctantly call your attention to citation 298, Beauchesne, third edition.

Mr. HANSON (York-Sunbury): Well, now—

Mr. MACKENZIE (Vancouver Centre): I would be very grateful if the hon. member for York-Sunbury (Mr. Hanson) would behave himself.

Mr. GRAYDON: The Prime Minister said you would have that job only during good behaviour, too.

Mr. MACKENZIE (Vancouver Centre): The rule states:

Questions asked orally on the orders of the day being called must not be prefaced by the reading of letters, telegrams, newspaper extracts or preambles of any kind.

I think the rules of this house should be observed.

Mr. HANSON (York-Sunbury): The leader of the opposition has some leeway.

Mr. MACKENZIE (Vancouver Centre): The leader of the opposition and everybody else must abide by the rules of this house.

[Mr. Graydon.]

Mr. GRAYDON: The government must submit to proper inquiry.

HOUSING

INQUIRY WITH RESPECT TO REPORTED EVICTIONS IN TORONTO

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I wish to direct the attention of the Prime Minister to a matter that was brought to his attention yesterday by the hon. member for North Battleford (Mrs. Nielsen) with regard to a soldier's wife and family in Toronto who received notice that they were to be evicted yesterday. Postponement of the proceedings was procured. The Prime Minister advised that the matter would receive consideration at an early meeting of the cabinet. Is the Prime Minister in a position now to advise what course is being taken by the government to assure housing facilities, particularly for the wives and families of soldiers who are evicted and are unable to secure other housing accommodation?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am not able to give my hon. friend at the moment the information he is asking for.

TRANSPORT ACT

AMENDMENT TO REMOVE COMMERCIAL AIR SERVICES FROM JURISDICTION OF TRANSPORT COMMISSIONERS

Hon. J. E. MICHAUD (Minister of Transport) moved the third reading of bill No. 101, to amend the Transport Act.

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

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Experimental farms service.

13. Central experimental farm, $633,787.

Mr. SENN: What is the reason for the increases this year?

Hon. J. G. GARDINER (Minister of Agriculture): The increases are: salaries, $2,640; cost of living bonus and other items, $3,662; equipment, $2,065; supplies and materials, $2,185; feed, $1,535; travelling expenses, $2,340. That makes a total of $14,427.

Mr. SENN: As a rule the experimental farms are given up to experiments, but there

are some farms that are used for purposes of illustration to demonstrate to the farmers how they should carry on. I know it is difficult for an experimental farm to pay its own way, but I would like to know to what extent the central experimental farm accomplishes this. In other words, what is the income from the sale of different lines of produce from the farm. We have the cost of running the farm, but is there any way of separating experimental activities from other work that is done? If so, how do they come out in separating one from the other?

Mr. GARDINER: I doubt very much whether it is possible to separate them entirely. I have here the expenditures on the different activities. Most of these are experimental. Take this particular item of feed. There is an increase of $1,535 and I would assume that has something to do with the experience which farmers have had on all farms in the last year. Crops were poorer than usual and there has been an increase in the purchase of feed. That feed would be entirely used up in carrying on experiments in connection with live stock. In some years they may have a small surplus which is sold—fruit, vegetables, poultry and other commodities. These things are used in experimental work but there may be some products that are sold, though that is not the intention behind the work of the farm. It is not intended that the farm should be operated to make a profit.

Mr. SENN: I understand that.

Mr. GARDINER: You have losses if you do certain things on a farm, and you make a profit if you do certain other things, but I am afraid I have not the figures here. When the officials come we may be able to give that.

Mr. SENN: Could the minister not give us the total sales of farm products from the central experimental farm last year? I understand that a certain number of cattle and hogs were sold.

Mr. GARDINER: I am not sure that I have the figures here at the moment.

Mr. SENN: They operate on a rather large scale.

Mr. GARDINER: I am afraid I shall have to ask the committee to wait until the officials come; I do not think I have them here. Let the item stand.

Item stands.

Experimental farms service.

14. Branch farms and stations and illustration stations, $1,396,776.

Mr. STIRLING: I should like information as to what has been accomplished at the central experimental farm and the farm at Summerland with regard to the substance which it is hoped will be of benefit in dealing with the codling moth. It is known at the present time as D.D.T.

Mr. GARDINER: I think we can best utilize the time until the officials come by giving the committee a recital of what is being done in connection with a number of experiments on plants having to do with rubber, dandelion and that kind of thing, at the different farms. I have a review of it here. Questions were asked when I was before the committee last and I think if I put this on *Hansard* it will probably take up the time until my officials are here and I can answer these questions in detail.

Rubber. We have ten acres at Ottawa, and there are six hundred acres in Peterborough county, this larger area being financed by the Department of Munitions and Supply. We also have plots on almost every experimental farm across Canada. Some of these have been successful and others have not.

Dandelions. Six acres are being grown at Ottawa, and we also have plots on most of the experimental farms across Canada. In some cases we have obtained good stands, while in other cases the stands have been very poor. Some plots of dandelions were seeded in 1942 and the material was harvested and turned over to the national research council for rubber extraction. Research has also been done as to species and strains, and the rubber evaluation is being done jointly by the science service of the Department of Agriculture and the national research council.

Wool research laboratory. This has been anticipated for a number of years as a field laboratory, not in any way to study uses, as that is being done by the national research council. The purpose of this field laboratory will be to study the evaluation of fibre in the fleeces, both before and after shearing, as a basis for our breeding work with Corriedales, Romnolets, and our high class imported Rambouillets. All these sheep are located in south western Saskatchewan and southern Alberta.

It has been agreed by the national research council, the Canadian national wool growers, and the Department of Agriculture, that Lethbridge is probably the most logical place for the location of this laboratory. The establishment of this laboratory will make possible a more intensive study of wool as a basis for breeding than has been possible in the extensive grading of fleeces in the wool growers' warehouse at Weston, Ontario, where fleeces are studied annually by a special wool

committee consisting of representatives of the national research council and dominion experimental farms.

Linseed varieties of flax. The standard varieties suited to western Canada are Bison and Redwing, both of which are susceptible to rust which has become more prevalent in recent years. A new rust-resistant strain has been registered under the name Royal, which is as heavy in yield as Bison and Redwing and is sufficient in resistance to rust so that the disease does not materially reduce the yield.

Some newer and even more promising strains of linseed flax are being produced at the central experimental farm to meet western conditions, and it is hoped that at least one of these may be multiplied in the near future to either take the place of Royal or to supplement it in rust areas.

Kapok. At the request of the national research council in 1942, a considerable tonnage of milkweed pods was collected with the aid of school children, largely in Carleton county, Ontario. These pods were matured and the floss was extracted by a small hand machine originated by the experimental farms service and the science service. This floss was turned over to the national research council for study as to its value to replace kapok in life belts and fliers' buoyant suits, and similar purposes. In every test it showed buoyancy and water-resisting qualities quite equal to that of first class kapok.

It is of interest to note that the United States had similar results, and in order to guarantee an adequate supply of kapok substitute they entered into a contract with Doctor Boris Berkman of Chicago, who originated a special machine somewhat similar to a cotton gin for separating the milkweed floss from the seed. It is understood that the contract which the United States naval department entered into with Doctor Berkman called for 1,000,000 pounds of floss in 1943, 2,000,000 pounds in 1944, and 3,000,000 pounds in 1945.

The Department of Munitions and Supply at Ottawa have not signified any desire that the Dominion Department of Agriculture produce this material in quantity.

Rust-resistant grains. The cereal division at the central experimental farm, Ottawa, and through its staff at the dominion rust research laboratory, Winnipeg, is continuing to study the possibility of producing rust-resistant grains of all kinds, of superior quality and higher yields than those already discovered.

Two very promising new varieties of oats are in process of being multiplied for distribution, and these should be superior to Vanguard, which is a stem rust-resistant variety, and to Erban, which is a leaf rust-resistant variety. These new varieties combine resistance to both forms of rust.

The experimental farm at Brandon is specializing in the development of new rust-resistant barleys, and already two new varieties that are exceedingly promising are being multiplied.

The experimental station at Swift Current, Saskatchewan, has developed a variety particularly adapted to the drought areas, namely Prospect barley, which is now so widely used in south western Saskatchewan and south eastern Alberta.

Sawfly-resistant wheats. The experimental station at Swift Current has for many years been studying the possibility of developing a high quality wheat which is of a solid stem character, hence not susceptible to loss from the sawfly.

Remarkable progress has been made, and two strains have been developed with quality comparable to that of marquis wheat but which will have very definite resistance to sawfly damage.

It is probable that in 1945 there may be some considerable volume of these two strains available for distribution. The staff engaged in rust-resistant laboratory work and plant breeding at Winnipeg consists of Mr. C. H. Goulden, agricultural scientist, Mr. J. N. Welsh, agricultural scientist, and Mr. R. F. Peterson, agricultural scientist, as well as junior assistants and seasonal student assistants. Work is being carried on right across the country in connection with these different products. Questions were asked about them at the time my estimates were before the committee previously, and I give this information now.

Mr. HANSON (York-Sunbury): As I have to go to the banking and commerce committee, may I ask the minister whether there has been any extension of the research in regard to potato plant diseases in New Brunswick? I regret to see that the amount to be voted for these branch farms and illustration stations again has been reduced. I assume, of course, that this is due to the stress of war expenditures, but it seems to me a bit ineffective to cut down the work and have just a skeleton operation. I refer to the question of poultry at the Fredericton station, where they have a poultryman in charge. He is a full-time man, and under ordinary circumstances I think has an assistant. Since the farm foreman has been superannuated I believe the poultryman has temporarily taken over the farm management, and the assistant is now carrying on, but he has only three hundred hens, and of course that is ridiculous having regard to the

size of the division, the housing capacity and so on. I wonder just why this work has been cut down to these skeleton proportions, though the cost remains approximately the same. It seems to me the staff and the quantum of the stock in hand could be kept up if they are going to maintain the division in operation. The minister may not have this information before him at the moment, but perhaps at a later stage he will put on the record just what is the position.

Mr. PERLEY: Like the hon. member for York-Sunbury, I have to go to the banking and commerce committee, but I should like to say a word on this item. At page 97 of the report of the department, reference is made to the work carried on at some of the branch stations, including Indian Head, with which I am particularly concerned. The minister has covered part of the ground I was going to ask him about, with respect to rust-resistant oats and other grain, but I notice quite a reduction in this item. I hope there will not be any reduction in the amount devoted to experimental work at these branch stations. In Saskatchewan we have two or three of these stations doing very excellent work, particularly the one at Indian Head. I was there last year and saw some of the grain with which they were experimenting, and I want to tell the minister I regret to see the decrease in this item. I hope that will not mean that the work of these experimental stations will be affected.

Mr. GARDINER: My understanding is that the hon. member for Qu'Appelle wants a sort of break-down of the reduction in the cost of operating our branch farms, particularly at Indian Head?

Mr. PERLEY: Yes.

Mr. GARDINER: The position is that we have reduced the cost in our estimates this year by $8,010 in total salaries, $14,240 in wages and $38,251 in buildings and lands. The net reduction amounts to $37,438. Practically all those amounts were capital expenditures made last year under supplementary estimates. That is, the $38,000 in connection with buildings and lands was capital expenditure, and these other items cover wages which were occasioned by the fact that we were carrying on certain building activities. I understand there is no reduction in the actual work being done at any of these farms, including the one to which the hon. member for York-Sunbury referred a few moments ago. I believe that at the Fredericton farm the same work is being carried on this year as was carried on last year.

Mr. GRAHAM: A few days ago I happened to notice in one of the eastern newspapers an article outlining the great contribution to Canadian agriculture made by Doctor Newman, of the central experimental farm. Of course I would not want to take away any of the credit due Doctor Newman, but I am sure he would be the first to say that credit also should be given to the staff of the branch farms. I have another reason for speaking this morning. I am extremely proud of the work being carried on at the Swift Current experimental station. As has been so often said in this house, it is an outstanding example of the use that can be made of the dominion experimental station set-up. I know of no farm in Canada that has contributed more to agriculture in the way of research work and the development of proper agricultural methods than has the experimental station at Swift Current.

As I said, I noticed in the article to which I referred that Doctor Newman was incorrectly mentioned as the originator of the sawfly-resistant wheat referred to this morning by the minister. I am sure he would approve my placing on record a brief history of just what occurred in connection with that very important development. Last year, 1943, I believe the cost of sawfly damage in western Canada was approximately $30,000,000, and that is by no means the limit to which that particular pest could damage our western crops. So that you will see the importance of developing a sawfly-resistant wheat in order to overcome one of the hazards which confront the western farmer. The two strains the minister has mentioned had their origin in 1926. Mr. Kemp, now the assistant superintendent at the experimental station, who has made other valuable contributions to agriculture, happened to notice that certain varieties of wheat with solid stems were not damaged by the sawfly pest. This caused him to think there might be some possibility of a solution to the sawfly problem in the development of a hard-stemmed wheat. He began to experiment in the hope that a hard-stemmed wheat might solve the difficulty. In 1937 a slightly more extensive programme was outlined to breed varieties that would be resistant not only to sawflies but also to stem rust. I think we in parliament should pay tribute to the men who accomplish these miracles, who find out the laws which govern these things, and do a work which is so beneficial to mankind.

In ordinary hollow-stemmed wheat the sawfly deposits its egg inside the stem when the plant is in the boot stage. The egg hatches and the

young grub feeds on the wheat tissues, later migrating to the base of the stem and cutting it as the plant nears maturity. In solid-stemmed varieties the egg is deposited in the same manner but as soon as the young grub is hatched it is in trouble. It has difficulty in finding suitable food as the pith cells apparently contain little nourishment; it has great difficulty in migrating to the base of the stem and in almost all cases dies before doing so.

The experimental farm staff at Swift Current turned to New Zealand, where they secured solid-stemmed wheats which, while resistant to sawflies, are susceptible to stem rust, leaf rust and smut. They were poor in milling and baking qualities, weak-strawed and shattered readily. The task, therefore, was to combine the sawfly resistance of those with the disease resistance and other desirable characteristics of the best Canadian varieties. Accordingly, these New Zealand wheats were crossed with Renown, Apex, Thatcher and other unnamed hybrid lines.

About three hundred seeds were produced in this manner. As a matter of fact, in discussing the matter with the different officials of the experimental station who were concerned with these experiments, I was astounded by the immense number of seeds and plants, running into the hundreds of thousands, which have to be handled, selected and chosen by those conducting the experiments. It requires a degree of patience amounting almost to genius, and I am sure this is one place where that patience paid substantial dividends. The three hundred seeds produced in this manner were sown individually. All the plants produced were alike and contained certain characteristics of one parent and certain of the other. The seeds from these plants were sown individually—about 30,000 in all. Their progeny was a veritable maze of different types; some resembled one parent, some were more like the other, while all possible combinations of intermediate types were produced. However, out of these plants the desirable ones were again selected, and grown in a short row. This was repeated for two or three years, at which time a portion of the rows ceased to break up. Then, instead of selecting individual plants, whole rows of true breeding plants were selected. These were the new strains about which the minister has spoken. In the programme being described, about three hundred strains were obtained.

The new strains were then tested to make sure they had the recombination of characters desired, and to find out which ones would be best for the districts where they were likely to be needed. Their resistance to sawfly was tested in a series of plots located at Swift Current, Regina, Scott and Shaunavon, Saskatchewan, and Nobleford, Alberta. Nurseries at Brandon, Manitoba, Saskatoon, Saskatchewan, and Consort, Alberta, have also been used. At each of these points conditions were made as favourable as possible for the sawflies, so that the new strains would get a severe test. Those that failed to stand up were discarded.

Similarly, they were tested for rust resistance at the Dominion Rust Research Laboratory, Winnipeg. Of course, those in charge had to keep in mind that the plant had to be rust-resistant as well as sawfly resistant. Then, finally, in order to speed up the experiment, through arrangements with the department at Ottawa, land was secured for use in the state of California. There they are able to grow two crops in one year, and one can understand that from an experimental standpoint this would be of immense advantage to experimenters making tests.

Incidentally perhaps the success of this particular experiment in research work through the use of the warm, sunny climate of California might well be noted. It might be wise for Canada to secure a suitable plot of ground in California through which we could assist other research workers to speed up their experiments and bring the benefits to the farmers of Canada as quickly as possible. I might add that the hon. member for Moose Jaw, who, as hon. members are aware, is with the parliamentary group in the antipodes, asked me to bring this matter particularly to the attention of the committee, and to point out the desirability of Canada's investing a comparatively small sum to secure suitable land in California for the purpose of carrying on this experiment and others of a like nature which would require the same climatic and growing conditions.

And so out of all these experiments the strains about which the minister has spoken have been finally selected. They are not as yet perfected in every desirable quality. It was interesting to me to note that this is in part due to the fact that light affects their sawfly-resistance. If these crops are grown under continuous shade they are completely hollow, and even when grown in the open they frequently show some hollowness if the crop is thick and tall and the plants shade each other. At Swift Current and throughout the sawfly area they are almost always solid, but in the parklands at Edmonton, Alberta, or Melfort, Saskatchewan, they are frequently hollow. That is an example of one of the

difficulties with which our research workers are confronted. Even within the sawfly area some variations occur. They are most solid and most resistant in years when the crop is thin and light, and least solid and least resistant in years when the crop is thick and heavy.

I do not think I need go further in my outline of the work done by these experimenters, to bring to the attention of the committee the immense service these men are rendering to agriculture. When one realizes that the annual loss would be something in the neighbourhood of $30,000,000 he will see at once that if this loss were allowed to continue indefinitely, it would reach astronomical figures.

The point I bring to the attention of the committee is that two men are chiefly to be credited with this work. We realize of course that they secured assistance from the dominion experimental branch. The fact is however that Mr. A. W. Platt, the cerealist at the Dominion experimental station at Swift Current, is the man who has been in charge of this experiment since its inception. The idea was born in the mind of Mr. H. J. Kemp, and Mr. Platt is the individual to whom the idea was entrusted for experimentation. I note with great regret that, until recently at least, Mr. Platt was receiving a salary of only slightly more than $2,000 a year. I am sure he is not the type of man who would complain about his salary; but to me there is something inconsistent in the amounts paid to men like Mr. Platt and the very great salaries paid to say moving picture stars and others, having regard to the contributions they make to society. In view of the contribution to the welfare of mankind made by men like Mr. Platt and many others I think it is time we took stock of our attitude toward these invaluable men. For example I suggest to the Minister of Agriculture and to the Prime Minister that they be recognized in our honour lists.

This nation should pay the greatest possible tribute to men who by their work and by the success of their experiments have contributed so largely to the material welfare of this country. I know how sympathetic the minister and the departmental heads are, and hope that the opinion of the members and public opinion generally will urge and support all the recognition by way of salary and otherwise that we can give to these men who make such a substantial and worth-while contribution to agriculture, which after all is and will continue to remain our basic industry.

Mr. WRIGHT: I should like to support what the hon. member for Swift Current (Mr. Graham) has just said with respect to a matter I have mentioned on former occasions —the pay we are giving to the men who are doing experimental work in agriculture in Canada. These men have certainly not been given the pay to which they are entitled, and as a result we have lost to the United States, where they find better remuneration for their services, some of our best men engaged in experimental work. These men, as the hon. member for Swift Current has said, have rendered a real service to agriculture in Canada. The development of rust-resistant wheat in western Canada, for example, was one of the things they accomplished in a very short period of time, some three years. It was a development which meant millions of dollars to agriculture in Canada and to the Canadian economy as a whole. I strongly support the idea that the minister give serious consideration to seeing that the men engaged in this type of work are given better salaries and more honours than they have been given in the past.

The minister has mentioned certain experiments which are being carried on in Canada with respect to cereals, rubber and other agricultural products. Are experiments being made with a view to developing alfalfa of a variety which will have better seed setting properties than our present varieties have? I believe some work has been done along this line; perhaps the minister will give us particulars and indicate stating how far the experiments have gone. At present it is quite a gamble to grow alfalfa seed in Canada. In some years the seed will set, and then for two years there will be no seed. The production also varies tremendously from season to season. The development of a better variety of alfalfa is of tremendous importance not only to the areas where the seed is being produced but to the whole of Canada, because alfalfa is one of our main fodder crops in the feeding of live stock.

Mr. SENN: I would like to emphasize what the hon. member for Melfort, (Mr. Wright) has said about alfalfa. For years alfalfa has been one of our main fodder crops in Ontario, and I believe it has extended now to the western provinces. But unfortunately in the last few years there seems to be less alfalfa grown. There are a number of reasons for that. One, as the hon. member for Melfort has stated, is the uncertainty of getting a crop of seed. One year you will have a good crop of seed and the next year the seed will not set at all. Experimental work should be undertaken to ascertain if possible why there

is so much uncertainty. I think experiments should be conducted to see if the reason for that cannot be found.

Again, alfalfa as a pasture crop is bad for bloating cattle. I notice in one of the reports of the Department of Agriculture a reference to certain experiments made in that connection on experimental farms, and to the good results obtained from a certain treatment of the cattle. In Ontario every year there is a great loss of cattle from bloating when they have fed on alfalfa pasture, particularly the second cutting. Something should be done to see if that cannot be prevented.

There is another matter in regard to alfalfa which is important. Experiments have been conducted from time to time in the use of alfalfa and other legumes for silage. I believe experiments are being conducted at the central experimental farm in regard to using alfalfa for silage rather than corn. Will the minister make a statement on that? More attention should be paid to the development of this crop than has been given to it in the past.

Mr. GARDINER: In reply to the question asked by the hon. member for Melfort, and which he asked on a previous occasion, I would answer in this way. We are carrying on experiments at the experimental farm at Ottawa, also at Saskatoon and Swift Current, in connection with alfalfa. These experiments are for the purpose of trying to produce varieties in which the seed will set to better advantage than in some of the varieties now being used. The hon. member for Haldimand also referred to this matter. The experiments up to date would suggest that probably the quality of the soil upon which the alfalfa is being produced has much to do with the setting of the seed. The experiments are not completed but are being continued and we are getting results which should be helpful. Any information that we gain from time to time is made available to farmers.

Mr. WRIGHT: Are these experiments in the production of alfalfa seed being made at the illustration stations in northern Saskatchewan in the alfalfa seed producing areas? It seems to me that that would be the logical place. What have been the results obtained?

Mr. GARDINER: The experiments are being carried on at the illustration stations indicated, and the laboratory work is done at the agricultural college at Saskatoon.

Mr. SENN: Have any experiments been made with regard to bloating in cattle as a result of eating alfalfa?

Mr. GARDINER: Another question asked by the hon. member for Haldimand was with regard to the use of alfalfa for ensilage. The experiments indicate that there is a higher protein content in ensilage from alfalfa than in ensilage from corn. Ensilage from alfalfa can be produced to better advantage if molasses is available. At present it is not available, but even without molasses the ensilage from alfalfa has a higher protein content.

With respect to bloating, the experiments that have been carried on indicate that there is no great danger from bloating if the stock are handled in the proper way, and are placed on the alfalfa when it is in its proper stage of development.

Mr. SENN: I think that has something to do with it.

Mr. GARDINER: I have fed cattle on clover and alfalfa in the west, and I found that if the cattle were shut off from water in the early part of the day they would bloat if allowed on clover with a heavy dew on it. The only time I have lost cattle on clover is through their not getting to water in the early part of the day. The experiments that are being conducted show that it is largely a matter of handling the cattle, rather than anything having to do with the alfalfa or clover itself.

Mr. WRIGHT: At what illustration stations in northern Saskatchewan are experiments being carried on to develop a better seed setting variety of alfalfa?

Mr. GARDINER: Most of it is being carried on at the experimental station at White Fox, which I think is on the north side of the Saskatchewan river, just across from Nipawin.

Mr. MATTHEWS: I am always greatly interested in the estimates for experimental farms and for agriculture generally. I was particularly impressed to-day by the remarks of the hon. member for Swift Current, and I want to follow for a few minutes along somewhat the same lines, because I have often felt, as I believe we all have, that in the hurly-burly of the present day we pay very little heed to the men and women of ability and vision who laid so well the local foundations of many parts of this dominion; men and women whose philosophy of life consisted of deeds of service rather than of words.

With this introduction I want to make a few remarks regarding some men who took a leading part in the founding of experimental farms in western Canada. I have in mind three men particularly, only one of

whom is still living. That one is Mr. A. C. Fraser, of Brandon. Born at White Lake in the county of Renfrew, Ontario, Mr. Fraser, although now in his ninety-fifth year, is just about as mentally alert as any hon. member of this house. I had the pleasure of visiting with him a few months ago, and I may say that I do not think there is any hon. member who can give a better appraisal of the qualities of the members of our cabinet than can Mr. Fraser, although he has seen only one of them, the Prime Minister. I want to say in passing that the Minister of Agriculture, whose estimates are being considered to-day, seems to be a special favourite of this old gentleman. I have heard in my day, in this parliament and out of it, some very fine speakers, but rarely have I heard one endowed with as great a gift of eloquence as Mr. Fraser possessed in his palmy days, making him one of the outstanding speakers of Canada. He was mayor of Brandon in the early years, and recalls with much satisfaction the urge he made to have experimental farms established in western Canada and his insistence that one of those farms be located at Brandon. That farm is now recognized as one of the most useful and beautiful in western Canada.

A second pioneer to whom I wish to refer in connection with Brandon experimental farm is the late Senator W. D. Perley, whose son so ably represents the constituency of Qu'Appelle, which adjoins my own. The late Senator Perley was born in New Brunswick, but came as a young man to northwestern Canada, settling near what is now known as Indian Head. His work was soon recognized in the fact that he was elected to represent Indian Head riding in the Northwest Council, corresponding to the provincial legislature before Saskatchewan became a province. He was afterwards elected to the federal parliament, and served here until called to the senate. It was during his membership in the House of Commons that Mr. Perley was chosen as one to select those experimental farms, and the fine judgment he showed on that occasion is evident in the splendid locations of various farms in northwestern Canada.

Then there is another who, more than anyone else, contributed to the development of the Brandon farm. I refer to one whose name will be recalled and revered by some of the older staff of the agriculture department, the late Doctor S. A. Bedford, who also took an active part in selecting its location. Like so many contributors to the upbuilding of Canada, Doctor Bedford was born in England but came to this country when quite a young man. He remained for a time in Ontario, but in the spring of 1877 set out for the west. He ultimately took up land in the constituency so ably represented to-day by the hon. member for Lisgar (Mr. Winkler) and the experimental farm at his home town, Morden, remains one of the finest to be found in all Canada. Doctor Bedford, in addition to superintending farming operations, surveyed large tracts of country for the dominion government and acted in an advisory capacity for several land companies. These duties necessitated his going farther west, and he took up residence in what is now Moosomin, Saskatchewan. At that time Moosomin was not even included in any electoral division. Doctor Bedford was requested to lay out such a division, and he was elected by acclamation as its first member and served for two terms in the Northwest Council. He later was appointed first superintendent of the Brandon experimental farm, and he converted that ordinary prairie piece of land into what is now a thing of beauty and a joy forever. His son, Mr. H. B. Bedford, is one of the leading residents and most respected citizens of Brandon.

I had the privilege a few years ago of attending a function in Doctor Bedford's memory, held at the entrance to a beautiful shaded driveway leading from the highway to the farm buildings. The occasion was marked by the unveiling at the entrance of that driveway of a substantial bronze plaque, on which are inscribed these words:

"Bedford Drive, named in honour of Doctor S. A. Bedford, the First Superintendent of Brandon Experimental Farm 1888 to 1906."

It was a quiet function, but it was a sincere tribute by his friends to the memory of a sterling man. There before us were the fruits of his labour—the fertile fields sloping southwards to the Assiniboia river, the herds of pure bred cattle, the poultry houses and the colonies of bees, the trees, the shrubberies, the lawns, a landscape of rare scenic beauty. In looking over these grounds I have felt that the poet Kipling and Doctor Bedford had much in common. One expressed his thoughts in words, the other in deeds:

> Our country is a garden that is full of stately views
> Of borders, beds and shrubberies, and lawns and avenues,
> With statues on the terraces, and peacocks strutting by,
> But the Glory of the Garden lies in more than meets the eye.

I make no apology, Mr. Chairman, for taking up a little of the time of this house to pay my tribute to these three noble men, Mr. A. C. Fraser, the late Senator Perley and the late Doctor Bedford—not perhaps that they are more deserving than hundreds of others of the pioneers of western Canada, but

because their duties, being of a public nature, came more directly under the public eye. These are the type of men, scoffers notwithstanding, who have built up this country and made it what it is to-day, the type of men whom doubtless the poet had in mind when, after referring to the material greatness of the west he issued this appealing call:

> Bring us men to match our mountains,
> Bring us men to match our plains.
> Bring us men to match our prairies
> And new eras in their brains.

Mr. McIVOR: I should like to support the hon. members for Swift Current and Brandon in what they have said as to the value of experimental substations. I will give a concrete example. Over seven years ago a substation was set up in our district and I was told then by somebody who pretended to know that it was an outstanding waste of money. This person was running a small store and not making a success of it and he said that the farmers of the district knew all there was to know about their farms. However, the farmers were willing to learn and a substation was set up. A young man was put in charge of it and it was established on a firm basis. I may say that he resigned from his position to join the air force and made the supreme sacrifice, so that that farm is now a memorial to him. There is a field day every year and the farmers and their wives as well as city folks come to see what is done on the farm. They see what can be produced on the three types of soil to be found on the farm. They see the value of fertilizer in the growth of small fruits suitable to the different types of soil. They see what can be done with wheat, oats, barley, rye, flax and grasses, and what can be done by cultivation and the proper use of fertilizers. Vegetables of all kinds are grown on the farm, including soya beans. Even the fertilizer is shown five years afterwards in a field of pasture. Now the farmers are benefiting by the work done on this experimental substation and the station has paid for itself many times over. Attend that field day and you will find that even a federal member cannot get in a word edgeways when he tries to say something or to get something explained to him. The farmers are interested in the work and the young man in charge is doing a splendid job. Not only that; he goes all over the community, to district fairs, and so on, giving advice to the farmers regarding the crops on their farms and telling them what their soil is best suited for. If any hon. members would like to see what can be done by the farmers at the head of the lakes I would be glad to take them out. I would say to the hon. member for Brant particularly that the farmers of that district, as I said the other day, were able to raise 140 bushels of ajax oats to the acre, and I would like to see the farmers of any other part of Ontario who can do that. The man employed by the government on that experimental substation is Mr. Knight. He is doing a great job and is held in high respect by the farmers in the community. I would pay a tribute to the Minister of Agriculture for his wisdom in putting in that district a substation that is paying for itself many times over.

[Mr. Matthews.]

Mr. FRASER (Peterborough West): The minister said that there was a plant in Chicago which was separating the seeds from the fluff that is used as a substitute for kapok. Have we a plant of that kind in Canada, or has it been decided that we cannot have one?

Mr. GARDINER: We have no plant here.

Mr. FRASER (Peterborough West): Do we ship our material there?

Mr. GARDINER: Yes, we ship it there.

Mr. FRASER (Peterborough West): It is shipped there now?

Mr. GARDINER: Yes.

Mr. FRASER (Peterborough West): Does that come back to Canada?

Mr. GARDINER: No.

Mr. FRASER (Peterborough West): They use it in the United States?

Mr. GARDINER: Yes. We have supplies of kapok here.

Mr. HATFIELD: I agree with the hon. member for Melfort that we are losing our best men to the United States and to private concerns. We are not only losing our best experimental men in the Department of Agriculture, but those in the national research branch are also leaving. Doctor Gallay, one of our best research men in agricultural products, has resigned, I understand, from the research council and has secured a job in private industry.

Is the cost of the pilot plant for dehydration included in this estimate for experimental farms?

Mr. GARDINER: Yes. The operating expenses of the pilot plant established in Ottawa are to be found this year in the vote under horticulture.

Mr. HATFIELD: Is the plant completed?

Mr. GARDINER: Yes. It is under the supplementary vote.

Mr. HATFIELD: What was the cost?

Mr. GARDINER: About $68,000. The member for Haldimand asked a question with regard to item 13. When this vote carries we will revert to that item.

Mr. DIEFENBAKER: What disposition has been made of the land and property formerly comprised within the Rosthern experimental farm?

Mr. GARDINER: It was sold to an organization of Mennonites at the price of $20,000.

Mr. DIEFENBAKER: How many acres are there?

Mr. GARDINER: I believe it is 630.

Mr. DIEFENBAKER: Was it sold for cash or on a crop payment basis?

Mr. GARDINER: It was $5,000 down, but I am speaking from memory. If that is not correct I will correct it on the record. The payments were to be made over a short period of time, $5,000 a year for three years.

Mr. DIEFENBAKER: Who were the purchasers?

Mr. GARDINER: An organization of Mennonites. The name of the organization is the Mennonite youth society.

Mr. WRIGHT: When was the sale made?

Mr. GARDINER: About a year ago.

Mr. HATFIELD: How much land is under rental at the experimental farm at Ottawa, and what is the cost?

Mr. GARDINER: About $1,600.

Mr. HATFIELD: Per annum?

Mr. GARDINER: Yes.

Mr. FAIR: I wish to join with others who have spoken in support of better pay for our research workers. Agriculture and agricultural research have been neglected in the past. In future something definite must be done if we are to retain the services of our best workers. Their salaries must be increased, and I hope the minister will give heed to what has been said in this regard.

Mr. WRIGHT: I should like again to refer to what has taken place in the sale of this farm at Rosthern, Saskatchewan, to a group of Mennonites, at a time when we have a veterans' board in Canada endeavouring to obtain suitable land for veterans returning from the present war. It seems to me that this farm, which was a valuable piece of property situated in a reasonably good area, instead of being disposed of to any group of individuals, should have been retained for the soldiers returning from this war. The matter of the disposal of agricultural land to various groups in this country has been protested continuously for the last three years, in Manitoba and other parts of western Canada. The government are setting a very bad example in disposing of farm land at this time when it will be required for soldier settlers returning from the war.

Mr. STIRLING: Could the minister make a statement now with regard to the experimental work on the substance which is being used to cope with the codling moth?

Mr. GARDINER: Probably I should say something in reply to what has just been said by the hon. member for Melfort with regard to the experimental farm at Rosthern. The farm has been sold to an organization of Mennonites which exists in that community. It is not sold in the ordinary sense. It is not to be utilized in the ordinary sense that a farm is utilized when sold by private individuals to Mennonites. I think what is in the mind of the hon. member for Melfort is that in certain sections of the west there is some opposition to organizations coming in and buying up land and settling people on it. That opposition has been expressed by quite a number of organizations, as has been stated; but this organization is an organization of Mennonites associated with the Mennonite colony close to Rosthern, located around that farm. There is no doubt that the farm lands will be farmed, but their main object in wanting the property was to make it the site of a summer school that they operate for their own people, in which they do give instructions on matters having to do with farming. Therefore it was thought that these people, who live in the community where the farm was operated for so long, could perhaps do as good service in connection with it as could be done by anyone else to whom we might have sold it, and it was sold to them.

Mr. DIEFENBAKER: Was anyone else given an opportunity to bid on it, and were bids received?

Mr. GARDINER: Yes, we called for bids several times, and speaking from memory, $15,000 or $16,000 was the highest bid received.

Mr. DIEFENBAKER: The buildings on the farm must be worth over $30,000.

Mr. GARDINER: I am not sure about the $30,000, but they would be worth much more when they were constructed than the sale price would indicate. The value of those

buildings as part of an ordinary farm, would be very low in comparison with the actual cost.

Mr. SENN: Would the farm not have been suitable for breaking up into farms for veterans under the Veterans' Land Act? It seems to me that you are paying that much or more for property of that nature.

Mr. GARDINER: Well, it is less than a section. It probably could have been sold to two veterans, but it could not have been sold for anything like the amount of money under the terms of the act, unless the veterans could get the money from somewhere else. It could only be divided into two. It is less than a section of land, and you could not make more than two farms out of it.

Mr. BLACK (Cumberland): Representations have been made to the department with respect to the establishment of a beef herd on the Nappan farm, having special reference to the utilizing of the marsh lands, pasturage, hay and grains. Has the department decided on a policy with regard to the establishing of such a beef herd? They have on that farm two herds of dairy cattle, and I believe they are operated with success. The experimental farm at Nappan is one of the original experimental farms in Canada. It has given splendid service to agriculturists in the maritime provinces. Several other farms are now specializing on particular work. I think it is agreed by those interested in agriculture that the area at the head of the bay of Fundy is the best adapted, at least in eastern Canada, to the growing of live stock, particularly beef cattle. In former years most farmers had large herds of beef cattle and utilized the crop from the marshlands for hay and pasturage. But those marsh lands have deteriorated through action of the tides and lack of drainage. We are awaiting a declaration of policy from the federal and provincial governments on the reclamation of this land. I should like to hear from the minister now or at a later date the policy of the department with respect to the restoration of these marsh lands. I know that some work is being done, such as the rebuilding of dikes destroyed in 1943. That is appreciated by those directly concerned, but it does not cover the main problem of the reclaiming of the marshlands and the utilizing of tens of thousands of acres that now do not grow crops but which might be giving the highest yield per acre of any land in eastern Canada. I should like to know when we may expect a statement from the minister as to the policy regarding the marsh lands.

There is one other matter about which I should like to get information, namely, the establishment of a much-needed animal disease research laboratory in the maritime provinces. I understand that representations have been made to the department to this end. Such a laboratory should be based on the experimental farm at Nappan or located in the central part of the maritime provinces. It is much needed for control of diseases and pests in all kinds of live stock—cattle, sheep, horses, foxes, and poultry in the maritimes. I should like to have a pronouncement from the minister.

Mr. GARDINER: So far as the marsh lands are concerned, they have been discussed a number of times in the house during the nine years that I have been here. As the hon. member knows, I have been very sympathetic toward getting whatever could be done to recondition those lands and get them back into use in a manner similar to that of many years ago. We have carried on some experiments in connection with it. Last year we had a vote of $10,000 for that purpose, and the money has been expended for the purposes for which it was voted. This year we are bringing down in the supplementary estimates another amount. At the moment I am not in a position to state how much will be voted finally, but we are asking for an increased amount for experimental work. This year that work will have to do largely with the finding of equipment suitable to put that land back into condition, and of course at the present time it is difficult to get such equipment. Some of it is of the kind used in levelling land generally; a great deal of that work is being done in connection with war activities, which makes the equipment difficult to obtain. Nevertheless whatever work can be done this year is being done. In addition we are carrying on, in cooperation with the governments of Nova Scotia and New Brunswick, repair work in connection with the damage done last year, as I understand it, by an extra high tide, which made considerable repairs to the dikes necessary. That work is being carried on; $25,000 has been appropriated for that purpose. Up to date that is the extent of the work. The operations we are carrying on in an experimental way are for the purpose of assisting us to determine what final policy will be adopted. As hon. members from that section know, we have a committee working in the matter, making reports and giving us some advice as to what might be done in connection with these properties. These matters are under consideration at the present time.

Mr. BLACK (Cumberland): What about the animal diseases laboratory?

Mr. GARDINER: Representations have been made in that regard, but at present we have nothing in the estimates to take care of it.

Mr. BLACK (Cumberland): I am sure the people of the maritime provinces appreciate what the department is doing to preserve some of these areas that were recently subjected to damage by the breaking of the dike. We also appreciate the attitude of the minister, as I have said repeatedly. We appreciate what has been done by Doctor Barton, and especially by Doctor Archibald, who has charge of the experimental farms. For years he has been advocating a policy of reclaiming the marsh lands, and very successful experiments have been carried on at the experimental farm at Nappan under his direction, and under the immediate supervision of the superintendent, Mr. W. W. Baird. But the marsh owners for years have been waiting for a declaration of policy with respect to the whole marsh land area. We appreciate the vote of $10,000 last year for surveys in this connection; no doubt that is necessary, but a great deal of work can be done without very much in the way of surveys. It is obvious to anyone and it is desirable that this work should get under way without delay, because at best it will take several years to bring this land into a proper state of production.

I am particularly pleased with the minister's reference to the experimentation in regard to machinery for use on marshlands. The age of hand work is past; these lands must be reclaimed and kept drained by the use of machinery. Fifty, a hundred and three hundred years ago this work was done almost entirely by manual labour. To-day, however, we must rely upon special machinery, and I recognize the desirability of carrying on experiments to determine the different types of machinery required for different kinds of work, in order that these very fertile lands in the bay of Fundy district may be brought into production.

Mr. GARDINER: I should like to make a statement in reply to the question asked by the hon. member for Yale with regard to the codling moth.

The codling moth is becoming an increasingly serious pest in all the apple growing regions of Canada. It is now the most important orchard pest in the Okanagan Valley, British Columbia, where eventual elimination of the industry is threatened unless effective economic control is soon developed. Two very promising projects are being pursued at the Vernon laboratory. These involve the destruction of the moths by toxic sprays, and the control of overwintering larvae by special dormant applications to the tree trunks of sprays consisting of oil solutions of dinitro-cresol. In general spray practice particular emphasis is being placed on the use of arsenical substitutes. In the warmer parts of Ontario there are two broods of codling moth and the insect is the most serious source of loss to apple growers; pears, too, are affected. Present investigations include improvement of the spray programme, adoption of supplementary measures, and the development of biological control, chiefly by parasites. Until a few years ago the codling moth was not of importance in Nova Scotia orchards. It has increased since then and is locally a severe pest. Both there and in Quebec investigations are in progress to establish improved control practices.

Mr. WOOD: I am sorry I did not take part in the discussion when the matter of alfalfa was brought to the attention of the minister by the hon. member for Haldimand, but I should like to say that in my opinion this is one of the most important matters to be discussed this morning in connection with agriculture in my section of the country. Alfalfa has become one of the most importants crops in Canada. I well remember that in my youth it was a common thing to get seed from the second crop of alfalfa, and there was seldom if ever a failure.

Mr. SENN: Hear, hear.

Mr. WOOD: I am glad that statement meets with the approval of the hon. member. I am inclined to the view that we are having difficulty to-day because we have followed the recommendation of the department and changed the variety of alfalfa we were growing. Formerly we grew what was known as Ontario Variegated, and we were advised to change to the Grimm variety. The old Ontario Variegated had its disadvantages, of course. One was that it was a coarse, deep-rooted variety which was hard to plough. To-day, however, with tractors to do the ploughing, that disadvantage is not so important. It also grew perhaps somewhat coarser, provided you did not cut it in time, but I have never had the same success since I have been growing the Grimm variety. I am rather inclined to believe that while experiments undoubtedly are necessary, they do not always bring about improvements. I think it was Charles Dickens who had Sam Weller say, when he married the second time, that changes are not always improvements. I have not seen any of the Ontario

Variegated alfalfa for a number of years, and I was wondering if the experimental farms still have that variety and whether the possibility of seed production has been increased. It may be that conditions have changed, and that for this reason we do not get equally good results. It may be that the change of varieties is not responsible. I think the weather conditions have some effect. Speaking as a practical farmer, while I know that the experimental farms do highly technical work, it has been my experience that they often learn from the ordinary dirt farmer certain things which have proven valuable to those farmers. I believe we should try to get a variety of alfalfa which would give us an assurance of seed production such as we used to get. My recommendation would be that the experimental farms continue investigations of the recommended varieties, and those we discarded some years ago.

Mr. BLACK (Cumberland): Would the minister reply to my inquiry with respect to the establishment of a beef herd at Nappan, with special reference to hay and pasturage that can be grown on marsh land?

Mr. GARDINER: This matter is under consideration, but there has been no definite decision reached with regard to it.

The question of the hon. member for Haldimand as to item 13 was with respect to a break-down of sales and production on the different farms. All I can give is the allotment last year for the different divisions and the returns therefrom. They are as follows:

Division	Allotment	Returns from sales
Animal husbandry	$73,575	$38,000
Bee	18,125	1,000
Cereals	77,895	No sales
Farm superintendent	44,855	No sales
Fibre	23,810	No sales
Field husbandry	74,895	No sales
Forage	54,350	No sales
Horticulture	113,120	3,000
Poultry	75,975	8,000
Tobacco	27,080	1,000
Cooperative assistance	34,970	No sales
Unallotted	710	No sales

Mr. TUSTIN: Two or three years ago there was considerable experimentation in connection with a new type of tomato. I refer to the Jahnru. At that time we thought we had something really worth while and new, for canning purposes. In the last year or two I have heard nothing about this tomato, and I am wondering if the department is still conducting experiments.

Is there an illustration plot in the county of Prince Edward? If not, will the minister give consideration to the establishment of one at that point? In 1943 the county of Prince Edward produced and processed thirty-two per cent of all tomatoes processed in Canada—an outstanding feat for a county of that size. They should have some encouragement through the establishment of an illustration plot.

Mr. GARDINER: The tomato to which reference has been made, and concerning which we conducted experiments some time ago—I believe there was some discussion of it on the floor of the house—has been abandoned. Experiments have been dropped, largely because it is believed that better varieties have been developed both here and at the Vinelands station in the Niagara peninsula. Persons are being advised to use the other varieties, rather than the one with which we were experimenting.

The hon. member referred to another point. I believe there is under consideration, and probably will be under discussion when our supplementary estimates are before the committee, the possibility of establishing a station in that area. It would not particularly have to be in Prince Edward county, but would be in that vicinity, and would be of assistance to the people in that area. We shall probably have an estimate for this purpose. If we do not, I shall give reasons why not.

Mr. TUSTIN: Can the minister give any further information as to why experiments with the Jahnru tomato were discontinued? Was it because of the keeping qualities after canning? This was really a firm tomato, and I should like to know the reason for abandoning the experiment.

Mr. GARDINER: They were abandoned for very much the same reasons as were outlined by the hon. member for Swift Current a little while ago, when he talked about results obtained from sowing the same kind of seed in an effort to get a sawfly-resistant wheat. This tomato did not produce true to type. I believe the discussion in the house on a former occasion resulted from difficulties many people who had tried to grow it had experienced. It will be recalled that there was a suggestion at that time that we should pay for some of the losses, because the seed had been distributed. The experiments have been completed to a point of being able to prove that it would not produce according to type. Having found that out we thought it best not to proceed further.

Item agreed to.

Production service—Health of animals—

16. Administration of Animal Contagious Diseases Act and Meat and Canned Foods Act, $1,848,648.

Mr. BURTON: Mr. Chairman, I am pleased to note a slight increase in the estimate, but I would be more pleased if it were still greater. A number of us have been worried for some time in connection with veterinary services for agriculture. In years gone by we have suffered from low live stock prices, with the result that there were many times when it was difficult for the farmer to pay for veterinary services required for his animals. Consequently many of the young men who would have followed the veterinary profession did not do so. They either went somewhere else, or engaged in some other type of occupation. The result is that in many parts of western Canada with which I have been familiar for a long time the veterinary services at our disposal are strictly limited. In fact one could travel in some areas hundreds of miles where there are thousands upon thousands of live stock but no facilities for veterinary services. This condition has a bearing upon the future health of the human population.

The veterinaries working under the Department of Agriculture are to be complimented on the efficient service which they have given in the years gone by. We are indeed blessed that that service has been kept up to the extent that it has been through succeeding administrations. The dominion veterinarians, commonly referred to in many parts of the country as the dominion vets, have always been looked upon as men who knew their business and attended to their business. But to-day in many parts of the country the only veterinaries are those who are working for the Department of Agriculture. They have their own work to do, and the result is that the people generally cannot get veterinary service for their live stock.

On page 62 of the estimates, under health of animals, a break-down is given of the veterinary service, showing veterinary inspectors, associate chief veterinary inspectors and so on. I would ask the minister what is the average age of the men in this service, how many of them are in line for retirement within a short time, and what steps is the department taking to have young men trained to fit into these positions that will be becoming vacant—because I want to tell you, Mr. Chairman, that at least in my part of the country there is very little opportunity to replace these men from among the profession.

I would also ask a question which I believe is related to this vote. It really comes under the Meat and Canned Foods Act. Many of us appreciate the splendid service which the department has given in the inspection of meats at the slaughtering plants and packing houses. Beef and pork coming through these plants are properly inspected, but while we are spending a considerable amount of money to see that meat is properly inspected, I believe that we are doing only half the job. While beef and pork are inspected, there is no proper inspection of poultry going through these packing plants. They have the poultry there, feathered but not drawn, and they are graded, and that is all the inspection of poultry that takes place. Coming down to the city here on a long trip one often meets people and discusses things with them. This last winter I had the opportunity of talking to a man who has been working for a number of years in a packing plant where they handle an enormous amount of poultry. Knowing what we have to contend with both as raisers and consumers of poultry, and particularly to see that diseased birds are not consumed, I asked this man what sort of inspection took place in this packing plant. He told me that all they could go by was this, that if a bird measured up to certain qualifications as being a finished bird, you usually could judge that that bird was not diseased. I said, and he agreed with me, that that was not an absolutely safe bet, that sometimes you would find a bird which, although apparently well finished, would be too much diseased to be safe for human consumption. He told me that the only safeguard which the consumers had was to buy high-grade poultry. I asked him what they did with the rest of the birds at the packing plant. He just grinned and said, "We put them into cold storage and later on we sell them out to some of the cheaper restaurants."

Any man who is familiar with poultry will know the number of diseases that are to be found in the ordinary flocks of poultry if they are not well taken care of, and even in some of the best taken care of flocks. While we inspect beef and pork passing through the slaughtering houses and packing plants, we allow diseased birds to be put into cold storage and later sold to the public. That is doing only half the job when it comes to inspecting the health of animals in its relation to the health of human beings.

We are indeed concerned that steps should be taken to continue to give us the efficient veterinary services that we have had under the Department of Agriculture, and also that steps be taken to ensure that young men will be trained to prepare themselves to carry on this important work.

Mr. BENCE: I should like to concur in what has been said by the hon. member for Humboldt with respect to the extension of these services. I have not the practical knowledge of the subject that he has, but I do know that there are large sections of Saskatchewan which are not serviced and cannot possibly be serviced under present conditions. The day of the private veterinary is through in this country, and I feel that the only way to meet the situation and to extend the service is to encourage young men to go into this type of work and to have positions open to them in large areas such as we have in Saskatchewan where veterinaries are badly needed. I suggest to the minister that the scale of remuneration provided for these men, in view of the training they have to undergo and the terrific amount of work they are called upon to do, is not as high as it should be, and must be increased if the administration expects to attract men into this type of work.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. WOOD: I should like some information as to the general set-up of the health of animals branch. Having been in personal contact with the department for twenty-three years, I am prepared to say that I believe this is one of the most efficient branches of the agricultural service that we have, and one which has contributed a great deal to the general welfare and well-being not only of live stock but of individuals. The maintenance of good healthy live stock will promote better conditions of health in human beings. If the department is to retain the confidence of those who are most closely associated with it, the live stock producers of this country, it is essential that nothing that is necessary to make the department successful be overlooked. It is perhaps a delicate subject, but I have sometimes wondered whether, in the appointments by the civil service commission to the health of animals branch, veterinary workers who have had a great deal of experience in more subordinate positions are always chosen. For instance, when such a position as that of chief veterinary inspector becomes vacant, I am not sure that every effort is made to get the man best qualified to give direction to those whose business it is to give directions under his control. A certain amount of latitude must of course be allowed to those responsible for making the selection of these officers, but it is well that officials of the department, and in particular the health of animals branch, should know that the type of farmer who is interested in the branch is the pure bred live stock farmer, who represents in large measure the very best element of the farmers, the men who are sincerely interested not only in maintaining production but in producing something which will improve the quality of live stock and the health of animals. These men take considerable interest in appointments affecting this branch, and sometimes they wonder whether the principle of merit is ignored, in that men who have had experience and have been giving direction are occasionally displaced by junior officers with less experience. The farmer keeps a pretty close eye upon the administration of this particular branch.

I do not know that it is up to me to offer any recommendations as to what the civil service commission should do with regard to making these appointments, but we believe that merit should be the title to any promotion, and it has been somewhat difficult for some of us to understand why some men who have filled subordinate positions should be pitchforked over the heads of others who have taken a responsible part in the administration of the branch and the carrying on of its work. I am inclined to think that sometimes a man can be so faithful in a position which calls for hard work that he is kept in that subordinate position because it is a hard job and is not allowed to reap the reward of his efforts and attain a position which would give him some of the credit and reward to which his work entitles him.

I hope I have made myself clear. I am not finding particular fault with the type of men who have been administering the branch, because we have had some splendid men in this particular department. All I want the department to know is that the farmer is interested in the work of the branch and looks with some surprise at some of the things which have been done. I understand that the civil service commission can easily give an answer, but that answer will not satisfy the average farmer. Maybe we are the silent partners in this business, but we observe what is going on. We trust the civil service commission to make appointments, but I am not sure that they are always wise in appointments they make.

Mr. REID: The hon. member for Brant has drawn to the attention of the minister the health of animals, particularly cows; but I wonder whether it has been drawn to the minister's attention that protection should be given to animals against the human race. At least it was news to me this year when I read

a statement made by Doctor W. R. Gunn, who said in Victoria before the agriculture committee of the legislature:

It's not always the cow that's to blame when human being are infected with undulant fever or septic sore throat and other ailments common in dairying districts and among people who drink their milk raw.

Doctor W. R. Gunn, B.C. live stock commissioner, told the agriculture committee of the legislature to-day that humans are too prone to blame the cow for prevalance of the infection known among humans as undulant fever and among dairy animals as Bang's disease. . . .

"It is possible that human beings may carry the organism of undulant fever around in their blood and if they come in contact with cows, infect them," he said.

"We know that has been the case with tuberculosis. We had one case of a sanitarium herd which we did everything to clean up but we got no results until we traced the T.B. to one of the dairy workers. Similarly with septic sore throat.

"That is definitely a human organism and if some dirty human comes in contact with a herd, the cows get it and are consequently blamed when it is transmitted to other humans."

That is most interesting, especially in view of the fact that we have a farm population of some three million people, with a permanent hired man population of 64,130. Has the minister had that brought to his attention, and if so, have representations in this regard been made by his department to the health branch?

The CHAIRMAN: Shall the item carry?

Mr. SENN: No, Mr. Chairman. I thought the minister might be waiting to answer the hon. gentleman who has just taken his seat.

I was much interested in what the hon. member for Brant had to say with regard to promotions and appointments. Certainly they should be made according to merit. I do not know however of any appointments which have been made without a certain amount of merit to them, although I think sometimes the principle could be followed a little more closely than it has been in the past.

I recall very well how pleased a number of hon. members in this chamber were, I think it was in 1935, when the United States-Canada agreement was completed, and what was said about the lowering of the tariff on cream and milk which was to enter the United States. I understand that this branch undertakes at all times to inspect the herds and apply the tuberculin test to any herd whose cream or milk they contemplate sending to the United States. I should like to know if that is being done, and if so, how many applications have been made for that type of inspection so that permits may be granted to send milk and cream to the United States.

Mr. GARDINER: A number of matters have been spoken of. The first is the question of promotions within the department, particularly promotions which are related to the health of animals branch. I have only to say that the same practice is followed in respect of promotions in the health of animals branch as is followed throughout the department and elsewhere in the service. The matter of seniority has something to do with it. That is, provided the qualifications are the same, seniority of course would count. The particular positions which were discussed by the hon. member for Brant are positions to which both of those qualifications apply. On one occasion when the gentleman in question was under consideration it was a matter of appointing the man who had seniority in the department as well as considering qualifications which were at least equal to those of others who were available for the position. For the position under consideration at present, the same study will be given to qualifications as was given on previous occasions and selections will be made accordingly.

The hon. member for Humboldt this morning raised a question as to the possibility of filling positions in the department as a result of graduations of veterinarians from different colleges in Canada. I can answer his question best by saying that we have now in the employ of the department 383 veterinarians, though we should have a few more. Our staffs are not fully manned at present because there are great demands upon them in consequence of the increased production of hogs and the present arrangements made in connection with the marketing of beef and so forth. That all requires more men than we have had in the past, and we could use more if they were available. Generally, we require about 25 men each year to take care of replacements. I think this fully answers the questions asked as to how many men go out each year, how many come in, how many we have on the staff and so on. We have only two veterinarian colleges in Canada, one at Guelph, and the other at Oka in the province of Quebec, and from these a year ago there were 41 graduations. This year there will be 19 and next year we expect there will be more; that is, we anticipate a larger number, but of course the students still have to go through their courses.

These figures on the average would probably take care of our requirements if there were no other demands to be met. I pointed out this morning that live stock is worth more now than before the war. There is much more of it and there is a greater demand for

veterinarian services than there was a few years ago, and that may have some bearing on the question of salaries, though not so much as might appear on the surface. The salaries of all civil servants are compared right through the service from time to time by the civil service commission. As a matter of fact it is impossible for me to get anyone put on in the Department of Agriculture anywhere, even outside the civil service as that is generally understood. It is difficult to get any man engaged in the department without referring the matter to the civil service commission.

Mr. HANSON (York-Sunbury): Can you not get temporaries?

Mr. GARDINER: Not even temporaries. The general rule is that they must be submitted to the civil service commission, not on the question whether they will be hired or not but on the question of qualifications as compared with others receiving comparable salary for a similar position. Comparisons must be made with salaries paid in other parts of the civil service, and of course there is the further consideration as to whether a man is going to a job that will last only three or four months, for which there is no superannuation, or whether he is going to take on work that will be permanent, carrying superannuation at the end of a certain period. All these factors must be considered, but an attempt is made to keep the services given in one department paid on a level comparable with the services in another and throughout the department in question. On that basis the salaries paid to veterinarians are possibly the same as salaries paid to others for comparable work, and while I would be most anxious to see those in my department paid higher salaries than at present, I would suggest that in order to get them paid higher salaries it would probably be necessary to have higher salaries paid throughout the other services.

Mr. BURTON: They do however benefit from the cost of living bonus?

Mr. GARDINER: Yes. This morning certain persons were mentioned, I believe, by the hon. member for Swift Current. One of those mentioned in the group of three would be a person who would have received an increase had it not been for the war. There is however a general regulation at present whereby increases are not given except under restricted circumstances. But cost of living bonuses are paid, and while salaries have not gone up, the bonus in some cases is paid on a basis which gives a higher return than is indicated by the mere salary itself. The position is related to the other question we were discussing, whether veterinarians can keep themselves in employment in different parts of the country in peace time. The condition was different in peace time from the present condition, as the member for Humboldt understands. For a time the price of live stock was low, and a person would think many times before sending a considerable distance for a veterinarian, but to-day the situation is different. If veterinarians were available in certain areas they would undoubtedly be called much more often than the farmers can get them at the present time. The situation that exists to-day has its effect on salaries. Salaries are not as high as they might have been. In other words, men were quite satisfied to take a job in the department at a salary rather than try to practise outside. All these factors are considered, but the chief factor is the relationship between officials in the department and between those in the department and officials in other departments.

Mr. WRIGHT: Is the cost of living bonus written into the salaries of civil servants as it is into the wages of those working in industry?

Mr. GARDINER: It is not written into the salaries. Every time I am asked for an explanation of increases I have given the increase resulting from salary, which means that there is a legal increase that does take place in some cases, and in addition to that there is the increase that comes about as a result of the cost of living bonus.

Mr. WRIGHT: Why is the cost of living bonus not included in the salaries of civil servants just as it is in wages paid in industry?

Mr. GARDINER: The theory is that the whole matter is to be considered at the end of the war in relation to conditions then existing.

Mr. PERLEY: This is an important branch of the department. The minister has made an interesting statement with regard to veterinary inspectors, of whom he says there are 383 in the department. Looking over the annual report of the department I see on page 106 a statement with reference to orders in council that have been passed establishing restricted areas in connection with bovine tuberculosis. In Saskatchewan twenty-two new municipalities came in within the period covered by this report. There are 300 odd municipalities in that province and I would like the minister to make a statement as to the number that have come in. I notice from this report that certain municipalities are withdrawing from the restricted areas. Why would that be? On the following page there is a table of the per-

centage of inspected slaughterings in each province to the total for all Canada. It shows that Saskatchewan has almost the lowest of any, only 6·26 per cent of the slaughterings of cattle. Could the minister give us an idea of the comparative health of animals in each province? May we take this percentage of inspected slaughterings in the annual report as an indication of the health of animals in western Canada?

Mr. GARDINER: In answer to the last question, the experience has been that the number of reactors to tuberculosis in western Canada is lower than the number in eastern Canada. That, of course, would be due to different conditions which I do not think I need to enumerate to the committee.

Mr. PERLEY: Has climate anything to do with it?

Mr. GARDINER: Climate may have, but I would think that one thing that has as much to do with it as anything else is the fact that we have not had live stock there as long as other places, and our foundation stock when it was taken out there was probably checked. We have not had live stock there as long as they have had them in other sections. Then, the way in which live stock is housed has something to do with it as well. Quite a number of considerations enter into it, but the fact is there is less tuberculosis on the prairie provinces than in the other provinces.

With regard to the other question, as to tuberculosis areas going in and out, I understand that there are no districts that have ever been organized as anti-tuberculosis areas that have disorganized and gone out. There are districts in which we did have tuberculosis free herds, accredited herds, and those have been disorganized in some cases because the whole district has come under the tuberculosis act. I understand that when once a district comes under the act there is no way in which it can disorganize.

Mr. CRUICKSHANK: Is it not compulsory under the act to have further inspection at certain periods?

Mr. GARDINER: That is quite true. The district has to be rechecked every so often in order to keep it in good standing; but there is a possibility that if the district were not checked over a period of years the herds in that area would not be in good standing.

Mr. CRUICKSHANK: My understanding is that the act compels that check within a certain period. If inspectors are not available, what happens to the district?

Mr. GARDINER: If inspectors were not available and it was found impossible to carry on the inspection for a period of time, people would refuse to accept stock out of that area as being free from tuberculosis. I may have some figures in regard to that. That, if it happened, would be the responsibility of the department, and perhaps a responsibility that the department could not discharge, because of the difficulty for the time being of getting veterinarians in to do the job.

Mr. CRUICKSHANK: What would happen then?

Mr. SENN: What happens when cattle are sold for export? Is there not a special provision in cases of the kind?

Mr. GARDINER: If they come from an area that is in good standing, they are permitted to go direct. If the district is not in good standing, they must be checked within thirty days of the time they come to the boundary line.

Mr. PERLEY: Would the minister give us the number of areas or rural municipalities that are in the restricted area, and also the number of inspectors that are operating in Saskatchewan out of the 383?

Mr. GARDINER: There are fifty-five municipalities in Saskatchewan. The numbers and names are here.

Mr. PERLEY: That is not very many out of some three hundred municipalities.

Mr. GARDINER: No, it is not so many.

Mr. PERLEY: How many inspectors are there in the area?

Mr. GARDINER: These are the certified districts; some others have been inspected but not yet certified.

Mr. CRUICKSHANK: I am seeking information, and I am not yet clear on it. Let us presume that a district in British Columbia is in an accredited area and inspectors are not available. What happens to that district? What happens to a district that wants to continue in the area but cannot get inspectors within the period?

Mr. GARDINER: All that happens is this. I know it is an inconvenience to some people, but anyone who wishes to ship cattle out of that area into an anti-tuberculosis area or into the United States would have to have his cattle tested by a veterinarian somewhere within thirty days of the time that they are shipped.

Mr. HANSON (York-Sunbury): What is the position in New-Brunswick; is it entirely within the line?

Mr. GARDINER: New Brunswick is all in. All the maritimes are in.

Mr. HANSON (York-Sunbury): That is very interesting, and I am glad to hear it. How many inspectors are available in New Brunswick? How many veterinarians are there on the staff in New Brunswick? I think there used to be one at McAdam, on the border, and one at Fredericton, but I am not sure.

Mr. GARDINER: I should have said, all the maritimes with the exception of Cape Breton.

Mr. CRUICKSHANK: It is not yet clear to me.

Mr. HANSON (York-Sunbury): Just a minute until I get this information.

Mr. CRUICKSHANK: I started it; let me finish it. I am not quarrelling with this matter, but I cannot see why a certain area in British Columbia that is accredited but cannot get inspectors should be penalized when shipping out or elsewhere. I may be mistaken, but I think I am correct and that it is happening in British Columbia to-day.

Mr. GARDINER: You would not be penalized other than to this extent: no one would accept your cattle unless they had been inspected, and you would have to have them inspected within thirty days of the time they are shipped out. Suppose, as an example, you are living on the edge of any of those districts or areas. You are not allowed to buy cattle from your first neighbour just across the road and bring them into the area without test. Anyone who brings them in there has to have them tested within thirty days of the time they are brought in, and that is the restriction which compels anyone in a district which has not been checked up to date to have them checked individually if he desires to ship any out within that period of time.

Mr. SENN: How often have these cattle to be tested in a restricted area? Is it once a year, or once every two years? When do they lose their accredited standing?

Mr. GARDINER: If they are below one-half of one per cent. They are certified for a three year period, sometimes it is six years, sometimes it is longer. The periods are three, six and nine years. There are nine veterinarians in New Brunswick.

Mr. STOKES: What are the new areas in Ontario? I understand that several places have been petitioning to be accredited, but have not yet received it.

Mr. GARDINER: At the beginning of the war we were pressing forward the checking of the districts in Ontario. The reason for that was that we had a good trade developing between this country and the United States, and we were most anxious that all the districts out of which shipments were going should be checked as soon as possible. We were working back gradually from the United States boundary line into the north country, to try and get the situation cleaned up. After the war came on, for a short time we almost discontinued the policy, but finally took the position that it should be continued wherever necessary in order to round out a district. We made an exception of some of the areas in Ontario from which breeding stock in particular was being exported to the United States; we tried to cover those districts as quickly as possible. Then we were trying to round out counties or, in the west, municipalities which were hedged in by others, where difficulties would arise because you could not move cattle back and forth across the boundary lines. We have been trying to round out those areas in order to remove that difficulty as much as possible. We have followed the practice of taking them in the order in which applications are received and put through.

Mr. HANSON (York-Sunbury): Does the first move have to come from the locality?

Mr. GARDINER: Yes. A petition comes in from the district, which must be signed by two-thirds of the people concerned.

Mr. HANSON (York-Sunbury): In other words there is a sort of local option. Has the government ever given consideration to making it compulsory? It is such a good thing it seems to me it should be compulsory.

Mr. GARDINER: I suppose we might have that when we get to the time when most of the country is covered.

Mr. HANSON (York-Sunbury): Perhaps that is asking too much.

Mr. GARDINER: At the moment I think it is.

Mr. McNEVIN: I should like to refer particularly to the county of Haliburton, which I think could be classed as one of the areas described by the minister. It is surrounded by accredited areas, such as Peterborough, Victoria on the south and Ontario on the west. These are all accredited districts. The county of Haliburton is a stocker producing county with a comparatively small cattle population. Very few cattle are finished and sent to market from this county. In the fall of the year conditions become congested, and I am sure the local veterinaries and any assistants they are able to secure have more work than they can

handle. Would it be possible to have that small area included now, in order to round out the district? I cannot give the exact cattle population—

Mr. GARDINER: It is eight thousand. The matter is under consideration, but we are not working in there yet.

Mr. WHITE: I should like to bring to the attention of the minister a matter having to do with the sale of hogs in Ontario; I do not know whether or not the same conditions exist in other provinces. Since the system of rail grading of hogs has been in force in Ontario the packing companies have been deducting one-half of one per cent of the value of the hogs as condemnation insurance, to compensate for hogs condemned as unfit for human consumption by the inspectors of the health of animals branch. In 1942-43 something like two million hogs were marketed in Ontario, and under this condemnation insurance the packing companies deducted something over $200,000, yet I understand that in the same period only about three thousand hogs were condemned which, at $25 a head, would amount to $75,000. In addition, parts of these condemned hogs were used, so they were not a total loss. I should like to know from the minister if his department has any check or control over the packing companies who deduct this very large sum of money from the returns of the farmers, and whether the packing companies make any accounting in connection with it.

Mr. GARDINER: This matter was discussed when my estimates were last before the committee. I do not know how we got to it, but just the same it was discussed. As I stated then, this is not a fund set up by the department, and it has no relationship to the rail grading of hogs. It has been in existence since about 1907, or in any case since early in the century.

Mr. HANSON (York-Sunbury): There must be some authority for it.

Mr. GARDINER: It was an arrangement entered into by some representatives of the producers, perhaps by swine breeding associations, and the packing plants under which the packers are permitted to take one-half of one per cent of the value of the hogs delivered. There is an impression, I believe, that a fund was created. No fund has been created. The packer simply deducts one-half of one per cent of the value of the hogs he buys, and whenever there are any losses he pays them. The question that arises from time to time is whether he deducts more than he actually pays out. It has been suggested that the department should take some responsibility in the matter and require an accounting in connection with that fund. So far no action of that kind has been taken. I am not certain in my own mind as to whether it would be a proper thing for the department to do. I understand an investigation was held some two years ago by a number of counties in Ontario, and my understanding is that it was generally considered by those who carried on that investigation that the fee was reasonably taking care of the losses, which were paid by the packing houses. That is my memory of the finding, that no one was making any considerable amount of money out of it.

Mr. SENN: It applies to cattle too, does it not?

Mr. GARDINER: Yes, it does. So far as we can make out from the investigations that have been held, the one-half of one per cent pretty well takes care of the losses. Some people argue that they have sent in stock for a long time and had this one-half of one per cent taken off their returns, but they have had no losses and they want to know what has become of their money. That is the argument made from time to time in connection with any form of insurance. A person who never has a fire never draws anything, and in this case the man who never happens to have a hog condemned does not receive anything in return. However, that was the theory when it was started; that when you dumped the hogs of four or five or a dozen farmers into one car and two of them happened to be condemned as a result of some disease, the one farmer should not take the whole loss.

Mr. WHITE: The minister said this system of deducting one-half of one per cent came into effect some time around 1907. He will remember, however, that before the system of rail grading came into operation, when a drover bought and took delivery of hogs, they were then the property of the drover and he was responsible for making delivery to the packing house and therefore responsible for anything that happened in transit. I understand that this fund does not compensate for any injury or damage to hogs while in transit from the farms to the packing houses. It is used only for the purpose of covering hogs that are condemned by the inspectors as unfit for human consumption after they are slaughtered. Will the minister say whether or not that is correct?—because I took from his remarks of only a moment ago that it covered hogs damaged in transit.

Mr. HANSON (York-Sunbury): That is what he did say.

Mr. GARDINER: Of course there is a difference in the marketing as compared with forty years ago. I think probably the hon. member is right when he says that all the hogs, or nearly all of them at that time, were taken in by drovers, and it was most difficult to follow the hogs back to the original owners. That difficulty does not exist to-day, because the hogs are marked and they can be followed back to the owners.

Mr. SENN: They are mostly trucked.

Mr. GARDINER: Yes, and it is possible that a change in plan could be made, or a new method of payment could be set up. However I am just saying that what has happened up to date is as I have pointed out. There is just the possibility that someone—whether it be a meeting of producers and packers, or whether it should be done through the department—could devise a plan under which hogs could be followed back. I am not just sure where that would get you. I am not sure whether the people who are asking for this think that a man should take the loss on his own hogs. I should think however that that would be questionable, because if one were to put 50 hogs in one group in a car, and for some reason one or two of those hogs were killed, and they happened to belong to one man, I cannot see any reason why that man should carry the loss and the others should be allowed to go free.

Mr. WHITE: Has the minister ever looked into the legality of this procedure of the packing companies making deductions? The minister said his department has nothing to do with it. I am asking him if the packers have any legal right to make those deductions.

Mr. GARDINER: I think we are probably confusing two things. First of all there is the matter of insurance on hogs killed in transit. I am assuming the reference here has been to diseased hogs which have been taken into plants and destroyed because of their having been diseased.

Mr. WHITE: I think that is the whole point. I am advised by people who certainly know what they are talking about that under the present system when a farmer sells his hogs they remain his property until they reach the packing house, and that if those hogs are damaged or injured in a railway car or truck or other vehicle he must suffer the loss because they are his hogs until they reach the packing plant. This one-half of one per cent which is deducted by the packing companies has nothing to do with compensation for hogs damaged in transit; it is for the purpose of paying for hogs condemned by inspectors from the minister's department. Would the minister comment upon that?

Mr. WOOD: Mr. Chairman, if I might say—

Mr. WHITE: Just a moment; let the minister answer.

Mr. WOOD: May I not add something? This compensation was originally recommended by the swine breeders association of Canada. I am just drawing attention to that fact, because I happen to know it. This recommendation, like many others which have been made to the department, can be traced back. Despite the fact that hog grading was condemned by many farmers, it was recommended by those who were most interested in the breeding of swine, and those people were in the swine breeders association. There is a long story there which I believe the people would find most interesting.

Mr. WHITE: Would the minister give me an answer to my question?

The CHAIRMAN: Before the minister answers, may I point out that we are discussing item 16, which deals with the health of animals. I doubt very much if this discussion is in order. Of course I am just giving my own impression.

Mr. WHITE: It is my submission that this is the one item under which the matter to which I have referred could be discused. The hogs which are condemned would, I should think, come under the health of animals branch. The minister has indicated that he is willing to have the discussion take place on this item.

Mr. GARDINER: The point has been raised as a matter of health. When we began the discussion I thought it would be related to marketing, but I believe it may properly be discussed here.

The fund which has been mentioned is not in fact a fund. The packers simply pay less for all the hogs which come in. They pay one-half of one per cent less for all hogs coming in. The diseased hog is bought at its full value, and the farmer is paid the same for that hog as for any other. Then the hog is condemned, and the matter becomes one of health inspection and that particular animal is lost. That is the principle on which it operates. The farmer who owned the hog in the first instance is paid on exactly the same basis as is every other farmer.

Mr. HANSON (York-Sunbury): But it has no legal sanction. It is just a custom which has grown into something approaching a law. As I understand it, the theory among the farmers is that the packers make a profit out of it, and that they are not rendered accountable to anybody. I do not think that is a proper situation. With regard to transportation, these hogs are transported by common carriers who must have some responsibility. What is the position in Ontario where the hogs are carried by truckers? Do they not have to insure?

Mr. SENN: They are required to.

Mr. HANSON (York-Sunbury): With respect to accidents on railway cars, there must be times when the railway companies will have legal responsibility. The matter ought to be reviewed.

Mr. GARDINER: They do have responsibility. The position is just as has been outlined. The hogs are insured against accident, and that was where I was confusing the matter in the earlier discussion. Those hogs are insured against accident, but my understanding on the other question is that each time an investigation has been made it has been proven that the packer does not get enough money to cover the loss.

Mr. HANSON (York-Sunbury): That is purely a matter of fact, of course.

Mr. GARDINER: If that is the position, then I assume the packers would be just as anxious as anybody else to have some other arrangement. However my officials inform me that on each occasion the matter has been checked it has been found that the amount of money taken in has not entirely covered the loss sustained.

Mr. FRASER (Northumberland): I believe reference has been made to Bang's disease during the discussion on these items. Have the minister and his department given serious consideration to this difficulty with which cattle raisers are confronted? It affects beef herds as well as dairy herds. It is estimated by the federal Department of Agriculture in Washington that the cattle raisers of the United States suffered a loss of between $50,000,000 and $60,000,000 through the inroads of Bang's disease in their herds in 1942. It seems to me that there are two definite factors in connection with this incurable disease with which cattle are afflicted. First there is the effect on humans through the consumption of milk not pasteurized, produced by cattle with Bang's disease, and second there is the terrific loss occasioned by this disease which must be borne by the farmers. I submit, Mr. Chairman, and I have some knowledge of the importance of this matter, that Bang's disease as it affects the cattle industry is even more important on the one hand, and more dangerous on the other, than even tuberculosis in cattle. I would strongly recommend to the minister and his departmental heads that a sum of money be set aside in the estimates for the control and study of Bang's disease in cattle, and that veterinary inspectors be employed throughout Canada to investigate this disease and if possible recommend to cattle raisers the precautions that may be taken in order to curtail its inroads.

Bang's disease is not only one of the most insidious diseases with which cattle may be infected, but it is also one of the most easily transmitted diseases. A cat moving from one barn to another may transmit Bang's disease from an infected herd to a herd that is clean, or a truck from the stockyard going into a farmer's yard will carry the infection of Bang's disease into an otherwise clean herd. Up to the present time there has been only one control of Bang's disease, and that is the slaughtering of the cattle. Whether it be a pure-bred dairy herd, a highly priced herd, or just the ordinary herd, the only way in which to eliminate the disease in that herd is to have the herd slaughtered, and then to have a very thorough cleaning of the barns and the barnyard and also of the pasture fields where the infection of this disease lingers. In Great Britain, where they have a milder climate, one of the first questions asked by an intending purchaser of a farm is, "Has there been Bang's disease on this farm?" Because the infection carries over into the pasture fields as well as from one barn or one barnyard to another.

This disease is important because of the terrific loss it occasions to the farmer, and because of the danger to human life, to consumers particularly of unpasteurized milk. I am given to understand, and I believe this is correct, that many pure-bred herds of cattle are infected with Bangs' disease. No restrictions or control under the Department of Agriculture are exercised through the health of animals branch with respect to an animal being sold from one herd into another. There is no obligation, except that of integrity and fairness, upon a cattle owner to advise a purchaser of cattle that his herd is infected with Bang's disease. The result is, and I think I am correct in saying this, that at least fifty per cent of the herds in Ontario are infected with Bang's disease.

Mr. HANSON (York-Sunbury): That is a serious statement, if it is true.

Mr. FRASER (Northumberland): My experience in the three years since I have made a study of this disease is that at least in the territory with which I am familiar approximately fifty per cent of the herds are infected with Bang's disease. That may or may not be known to the cattle raisers because it is an insidious disease and it may have been present with a herd for several years before the owner of the herd becomes aware of it.

May I say this in reference to the statement made by the minister. Where the milk is pasteurized the danger of humans contracting undulant fever is eliminated because the germ from Bang's disease is killed by the pasteurization. The germ, however, not only affects humans through the consumption of unpasteurized milk, but affects also the breeding and the crop of calves from one year to another. A cattle raiser will lose perhaps one, two and sometimes three years in the breeding of his stock through the infection of Bang's disease.

Mr. GRAYDON: To say nothing of the flow of milk.

Mr. FRASER (Northumberland): Quite so. He loses his milk production as well as his cows. Two of the leading dairymen in Ontario were talking to me just a few weeks ago about Bang's disease. I could put their names on the record if that were desired. One of them in particular, the owner of one of the most highly-prized jersey herds in Ontario, told me that he had fought this disease for ten years and ultimately slaughtered his herd. He also stated that in view of what he had learned as he went along he would have been better off if he had slaughtered his herd ten years ago and started all over again.

I am glad that this matter has been mentioned in the house by the hon. member for New Westminster. The matter has also been brought up in the past from the point of view of the health of human beings by the hon. member for Renfrew South. Time and again the subject has been brought up in this house, and it seems to me that from the point of view of cattle raisers in Canada the minister would be well advised not only to have his officials give more attention to the study of Bang's disease, but also to provide a sum of money in his estimates that would make it possible to have a veterinary inspection of all our herds, particularly in eastern Canada. I say eastern Canada for this reason, that it has been found that Bang's disease is an inside disease. As a matter of fact, only one and a half to two per cent of the cattle exported from our prairie provinces and from the plains of the United States in 1942 and 1943 were infected with Bang's disease. Apparently, from the facts we have learned, Bang's disease is an inside disease. It develops much more prolifically in herds that are stall fed, or stall fed part of the season, and particularly it has been our experience that the disease has developed in herds that have been stabled in banked or underground barns. I submit therefore that it is much more important to have the investigation started in Ontario than perhaps in any other part of the dominion. I trust that the minister will put a sufficient sum of money in his estimates to provide for a veterinary inspection, and let us know to begin with what percentage of the herds of Ontario are really infected with Bang's disease.

I do not wish to discuss the matter further, but it does seem to me, from my own experience and that of my neighbours and of the people with whom I have come in contact, owners of pure-bred herds and owners of the ordinary herds, that Bang's disease is one of the most devastating diseases with which our beef and dairy cattle are afflicted. I sincerely trust, as I know he will, that the minister will take full cognizance of this plague, because it is really a plague with which the cattle raisers of Canada have to contend.

Mr. SENN: I am very glad that the hon. member for Northumberland, Ontario, has brought this matter up again. I think every time the estimates of this particular department have been presented in the last number of years I have asked the minister what advances have been made in the treatment of this disease. What the hon. member says is undoubtedly true, that it is perhaps the most insidious and most destructive disease affecting cattle in the older settled provinces to-day; and I do not believe the hon. member's statement that fifty per cent of the herds in provinces like Ontario are affected is any too high.

Mr. FRASER (Northumberland): At one time or another.

Mr. SENN: I know that in a great many instances when cattle have been slaughtered threre has been no compensation from the government. The presence of the disease is often concealed when it would be very much better for the man himself and for the cattle industry if it were made known.

Mr. FRASER (Northumberland): And it is transmitted.

Mr. SENN: It is transmitted from one herd to another through sales, and, as the hon. member says, it can be sent on a man's feet or a calf's feet from one herd to another. It destroys the efficiency of the herd. Nine times out of ten, where the disease has existed for a considerable length of time, the man has to get rid of his herd entirely, and even then he cannot be sure that he is free of the disease for a certain length of time. I understand, of course, that we have some kind of test. I believe certain discoveries have been made in the agricultural college at Guelph, whereby one can tell when a herd is free from the disease or when it has the disease. I understand that when cattle are shipped to the United States in many cases they have to undergo this blood test, and if they are found to be free of disease their entry is permitted.

I cannot emphasize too strongly the importance of the remarks which have been made by the hon. member for Northumberland. It is high time that the department did something to curb the disease or to make a study of it in order that it may be curbed in the near future. I do not think there is any doubt that its ravages and the losses it occasions are far greater than those suffered from tuberculosis or any other communicable disease to which cattle are subject.

Mr. GARDINER: There has been some check kept, of course, and some investigations made with regard to the matter. Tests are made at the laboratory at Hull, and blood is sent to that laboratory from all over Ontario. The tests which were made in 1942 showed that 1·7 of those coming in were reactors; that is, the percentage of animals for which the blood was sent in for checking amounted to only 1·7 of reactors.

Mr. SENN: Would not those very largely be from cattle which were destined for shipment to the United States?

Mr. GARDINER: I assume they would be, and I was just going to give some other figures. We have some Bang's disease statistics which I think, in view of some of the statements made, should be put on the record. They are brought up to January 25, 1944. Total herds under test in Canada, 2,660. By provinces: Prince Edward Island, 8; Nova Scotia, 300; New Brunswick, 9; Quebec, 192; Ontario, 2,105; Manitoba, 4; Saskatchewan, 18; Alberta, 7; British Columbia, 17. Of those herds, 1,776 are those which are now called listed herds, that is they are free of Bang's disease. For Ontario the figures are 1,559 out of 2,105. The number of cattle represented in that check is 74,763 head, of which 58,940 were in Ontario. The average number of animals in a herd was 28. The percentage of infection in cattle was 2·8, and in the herds 16 per cent; that is 16 per cent of the herds had reactors, infected animals, in them. Infected herds clear after first test, 62 per cent, after second test 15 per cent, after third and subsequent tests 23 per cent. Time required to complete the report tests at research station, three to four days. That is the record of the checks up to date.

Mr. FRASER (Northumberland): In the light of the figures which the minister has just submitted I would like to make this comment. I assume figures have been compiled from the different tests which have been made, but actual experiences proves this. First, the minister has given the percentage of cattle in a herd which have been infected.

Mr. GARDINER: No, the percentage of herds that have infected cattle in them.

Mr. FRASER (Northumberland): I submit that even that does not give the true picture, and I suggest this to the minister. If one cow in a stable has Bang's disease, and there are 25 head in that stable, you can figure that within twelve or fifteen months twenty cattle will have it, because it is a most contagious disease. While the minister's figures are enlightening as statistics, they not only do not give the true picture but certainly should not be submitted to minimize the conditions.

Mr. GARDINER: No; they are submitted to give the facts. The hon. member said, fifty per cent of the herds are infected; this shows 16 per cent only of those checked, and 84 per cent have none.

Mr. FRASER (Northumberland): Those figures were taken as the minister submitted them, but I repeat, and it is an astounding fact, that when you bring to light the herds which are infected, herds which were infected say in 1939 and have grown out of it as far as the actual effect on the breeding of stock is concerned, still remain carriers and can infect any herd directly or indirectly. These figures in themselves do not reflect the practical effect of the infection in herds.

Another thing: as the minister has said, the department has carried on experiments in the station at Hull in connection with the inoculation of calves. All that is in an experimental stage, and my experience with the department has been that not enough attention has been given to it, not enough money

has been spent to be effective and in order that the departmental officials can advise cattle-raisers what they should do.

As I said a minute ago, there is nothing certain about inoculation. It has been tried in calves from four to six, four to eight and four to ten months. With the new serum which I believe the department has developed, they are advising the inoculation of heifers or animals up to twenty-four months and thirty months. In New York state, I believe the minister will agree with me, they have adopted the policy of inoculation of cattle—not only their calves and heifers but their breeding stock. I think that policy has been adopted within the last twelve months, but the import of the whole thing is that we should recognize the devastation that is being caused, the terrific monetary loss, the national loss of food as well as the menace to human beings. In my opinion the investigation of Bang's disease is the most important item in this connection. It is causing greater loss of time and production and greater monetary loss than infection from tuberculosis or any other disease.

Mr. SENN: I do not wish to magnify the difficulties nor do I wish to paint too dark a picture, but I am afraid the statistics the minister has given—

Mr. GARDINER: By way of correction, I did not read the statistics to prove anything except that fifty per cent is a high figure. I do not want anyone to suggest that I am not just as anxious to eradicate Bang's disease as any other member who is speaking here.

Mr. SENN: I would not suggest that for a moment. Perhaps the figure which the hon. member for Northumberland and I quoted is too high. On the other hand, the minister did quote statistics, and I do not think they give a true picture, because I fear that a great many of the herds that were worst affected did not appear in it. There seems to be an inclination on the part of a man who has a herd in which there is Bang's disease to keep it quiet and try to work at it himself.

Mr. GARDINER: Most of the herds I have taken in have been put under the supervision of the department to clean them up.

Mr. SENN: May I offer a suggestion? If the minister wants a true picture there are certain counties, I understand, where they are testing herds for tuberculosis to bring them under the restricted areas plan. Would it be too difficult at the same time—

[Mr. W. A. Fraser.]

Mr. GARDINER: You cannot do them at the same time.

Mr. SENN: Then you might do them when you came back. At any rate, it would be a good thing if some area were gone over, such as a county for tuberculosis, going into everyone's herd and finding out how many there are.

Mr. GARDINER: The main reason we are not doing that is that the facts are as they have been brought out in connection with tuberculosis. We have not enough men now to do the work. The chief reason for not doing what is being suggested is that we have not the man-power at the moment to do it and have not had for some time. We are cleaning up tuberculosis, and one difficulty is that you cannot do the two operations at the same time. You have to double up on the work.

Mr. FRASER (Northumberland): Could you not make the blood test at the same time?

Mr. GARDINER: I understand not.

Mr. FRASER (Northumberland): I submit that the blood test could be taken at the same time for both diseases.

Mr. GRAYDON: Bang's disease or contagious abortion in cattle is a vital problem that cannot be too strongly impressed upon the people. In the years I have sat in the house, time after time, this question has come up. In our own dairy herd at home years ago we had a plague of Bang's disease and I think I know personally something of what has been described this afternoon by the hon. member for Northumberland, so far as its effects are concerned. It is one of the most dangerous and damaging of all diseases among cattle, not only from the standpoint of loss of production and of calves but also from the resulting scourge of undulant fever, which is induced among human beings by drinking milk of that type. In connection with tests for Bang's disease, as the minister knows, the blood tests are taken and are then sent to the animal diseases research institute in Hull, Quebec. As the hon. member for Haldimand has said, there are also facilities at Guelph agricultural college for tests in connection with Bang's disease, and if I remember rightly in the laboratories at Queen's park facilities are also provided for that purpose. I do not normally cite individual instances, and I do not do so on this occasion except by way of illustrating a situation. But here is the situation that exists, and it is one that should

come before the committee. I have brought it to the minister's attention before and I do not want him to think that in bringing it up again here my object is unduly to embarrass him.

In one particular herd, that of Mr. Greenwood, at Woodbridge, which is not far from my own home, three tests were made for Bang's disease. This gentleman has an excellent herd of cattle, pure bred, registered and accredited. These tests were all negative, but a fourth test was made in which one cow showed positive. Shortly after that a test of this cow was made at Guelph agricultural college and perhaps at some other place, although I am not sure about that. At any rate, it was made and showed negative. Of course the herd as a whole was then incapable of being listed as Bang's-disease free. Mr. Greenwood's contention was that at the animal research institute in Hull some error may have been made in the testing. That may or may not be so, but in his mind that was a possibility. Because of the fact that there was a conflict between the tests, the department still holds that in that particular instance the positive test must be the one that governs. I understand from the department that sometimes these tests show at one time positive and at another time negative, but it is hard for the breeder to understand this if the tests are properly made.

Mr. FRASER (Northumberland): It is generally negative and then positive.

Mr. GRAYDON: I had no object in giving precedence to one over the other.

Mr. FRASER (Northumberland): But it is generally that way.

Mr. GRAYDON: In any event, in this particular instance I know that four cattle were sold out of the herd and allowed by the department to go into other herds which were already listed, although this herd had never been listed owing to the fact that it had not had a negative reaction in each instance. I bring this to the minister's attention again, not because I wish to be merely critical, but because these are things which it is very difficult for the minister or the department or members of parliament to explain to breeders. Here is a single cow in the whole herd showing a positive reaction just once in all these tests and because of that the herd cannot get certification. I suggest to the minister that that instance may be illustrative of others. It may look like going pretty far, and it is a situation which would easily work a good deal of hardship and inconvenience to a bona fide breeder who is attempting to maintain a herd which is a credit to himself and of great assistance to production. I cite this case merely to seek some relief and as an illustration in the hope that the experience gained from it may be utilized to advantage by other breeders who from time to time have like problems.

Mr. FAIR: This question has been brought up on several occasions, particularly by the hon. member for Portage la Prairie. I brought it up a couple of years ago, and I am not sure that we are making the necessary headway with it. I think it is realized that prevention is better and cheaper than cure.

I have an item here which may be of interest. It was taken from the *Western Producer* of March 9 of this year. It is headed: "Hopeful of Controlling Bang's Through Vaccine," and reads as follows:

> Two Alberta cattlemen, Dean W. L. Carlyle of Calgary, and Sam Henderson of Lacombe, returned recently from a conference on Bang's disease control, held at Denver, Colorado. They represented Alberta cattle associations, and carried instructions to learn the new methods being tried out in the United States for control of this disease.
>
> The men stated that 97·4 per cent of the pure bred cattle breeders in Colorado were practising calfhood vaccination to control the disease, and that of 500,000 head vaccinated in the last three years, only seven later developed Bang's.
>
> "They are only in the experimental stage, but the outlook for controlling this disease is distinctly hopeful," said Dean Carlyle on his return. "I hope we can get cooperative action of the same kind in Canada."

We have followed the lead of the United States in several other matters, and if they are able to give us a lead in this I do not think we should be slow in following it. I also believe we should not be slow in following some new cures that have been suggested in Canada. If some of the old ones do not give the results then it would be wise to start out on something new. During the year 1943 how many cattle were slaughtered in Canada because of Bang's disease? What amount was paid as compensation by the government, and what is the loss to the owners of the cattle that were slaughtered? I ask these questions because when we get the destruction in dollars and cents it sometimes impresses itself on our minds more than anything else.

Mr. GARDINER: That is exactly the question raised by the hon. member for Northumberland. He has suggested that we ought to be doing the same thing for Bang's disease as we are doing for tuberculosis. As a matter of fact we are not. We are not paying for cattle slaughtered on account of Bang's disease. We do not control their slaughter or pay for

their slaughter. He suggested that we should be doing that the same as we are for tuberculosis. In most of the states they are paying for the slaughter of cattle that have Bang's disease, the same as we do for tuberculosis. They may not be paying for them on the same basis, but they are paying for them. The question has been raised, and what I have said with regard to it is that our main difficulty at the moment is man-power with which to handle it. We are facing a difficult problem now with tuberculosis and our men are more than fully employed with that. We are not able to get along with it as rapidly as we would like to. We figure it would take at least fifty additional men to do the work that we think we ought to be doing now. Our main difficulty is to get more men to handle this problem along with the problem we are dealing with.

Mr. FAIR: I take it that as soon as men are available something drastic will be done to curtail this disease.

Mr. GARDINER: Even with the information we have we are not able to enter upon a plan at the moment such as we have for tuberculosis. A great many farmers are very careful about it themselves. Most of the breeders will not admit animals to their farms until they have been tested. Farmers shipping cattle from one part of Canada to another insist upon tests being made. When we bought the cattle in the west in 1937 as a result of the drought, all the female cattle that passed through the pasture at Carberry were tested for Bang's disease and tuberculosis. We have a complete record of those cattle. They were not the best of the cattle, and I would think that their record would probably be as high, at least as high, as it would be for the general cattle population over that area. The actual number of reactors was very low. We have been making checks wherever it is possible to make them, and we have been making them as fully as we can with the staffs available. But we have not undertaken to pay for the slaughter of cattle on account of Bang's disease as we have on account of tuberculosis.

Mr. FAIR: Would the minister give the percentage for Alberta as he did for Ontario?

Mr. GARDINER: I did not give the percentage for Ontario; I gave the percentage for all Canada. I hesitate to give the percentage for the different provinces, for this reason. In Manitoba there were only seven herds tested. I would take it from the figure here that the person who asked to have the test made knew that there was some Bang's in the herd, because the percentage is very high. Alberta only had twelve. I would assume the same thing with regard to Alberta. The percentage is very high there; but when you take the percentage from Prince Edward Island across the country of all the cattle the average percentage is 2·7. I think it would give a wrong impression to put out the figure for Alberta and Manitoba, because it is unreasonably high.

Mr. GRAYDON: The minister said that he thought the breeders knew there was Bang's in their herds when they asked to have them tested. I think that is the wrong inference to draw. I am inclined to think that the opposite is the fact; that certain herds had been tested locally before they were submitted to the department for certification, and that little if any Bang's disease had shown up.

Mr. GARDINER: It would depend entirely on the individual. I recall the first year I was here the question came up as to whether we were going to mark animals that were positive. I had a strong representation from the cattle breeders objecting to marking them. Hon. members who were here at the time will recall that we had intended to put a big "B" on their cheek so that any one walking into the stable could see that the animal had been tested and was positive for Bang's disease. There was objection to that, and we finally put the "B" in the ear of the animal. We had objection from the breeders and others who said that if a man walks into our barns and sees a big "B" on the animal we will not be able to sell anything.

Mr. GRAYDON: You are using the ear now?

Mr. GARDINER: At the present time we are marking them in the ear with a "B", and anyone who wishes to look over the animals can see that they have been tested and that certain ones have reacted positively for Bang's. The marking is there. That was the question at that time. It has come along from there to where it is at the present time, that nobody questions the marking, and we have an agitation in this house for having them all tested. I think every one would be tested if we had enough men and enough money to go out and test all the herds in the country. With regard to assisting in killing the animals by paying for their slaughter, I am informed by the officials that if we were to undertake to do that, the statement made by the hon. member for Haldimand and the hon. member for Northumberland would be borne out. At least we think the result would be that more animals would be slaughtered for Bang's disease than are now

slaughtered for tuberculosis. That emphasizes the problem that will have to be dealt with as soon as we can get the necessary man-power.

Mr. BRYCE: I should like to revert to the matter referred to by the hon. member for Hastings-Peterborough.

Mr. GRAYDON: Perhaps the hon. gentleman would permit me to ask one further question in connection with Bang's disease. Has the minister had any complaints in regard to errors in testing at the Hull laboratories?

Mr. GARDINER: I should have dealt with that point when I was speaking. I would not say it is a common thing, but it does sometimes happen that an animal gives a positive result at one time and a negative result at another, and may continue to do so. You may check that animal one day and get a negative result; another time the result will be positive. I think I am correct in saying that in some cases after a very considerable number of tests they have agreed that probably the animal will continue negative. However, if we are to apply the principle that once an animal tests positive something must be done about it, I do not see how we can pass up any animal that once gives a positive result. I am told, too, though I do not fully understand these matters as I am sure most hon. members do not understand them, that when the blood of these animals is sent in for test there is the possibility of doubt in some cases. A person who is very strict may say that the result is positive; another person may consider it doubtful, and perhaps someone else would even say it was negative, though I am not sure of that. In any case there might be at least two opinions on the case. I understand there have been instances where blood of the same animal has been sent to two places, with slightly different reports from each. However, every care is taken to avoid anything of that kind by having all cases dealt with in exactly the same way at all the stations. If the blood is sent to two official stations, the report from each should be the same, though of course the personal element enters into all these things to a degree. Where there was doubt about an animal the only way to clear up that herd and make absolutely certain of it would be to kill or get rid of the animal. That would put the herd back in position, and that is the argument for the government paying part of the loss. A farmer would be more likely to get rid of such an animal immediately with the government paying part of the loss than he would be if nothing were paid.

Mr. GRAYDON: If I understand the minister correctly, it is possible that where there has been only one positive reaction followed by a number of negative results, the animal might be declared free of disease.

Mr. GARDINER: I understand that once it is definitely classed as positive the department does not retest it. If there is any doubt about it, however; if it is a borderline case and the individual concerned expresses doubt, it may be retested.

Mr. GRAYDON: It seems to me that is pretty arbitrary.

Mr. MacKENZIE (Lambton-Kent): I think this question has been covered pretty well, but it seemed to me the hon. member for Northumberland, Ontario, put the percentage rather high when he said fifty per cent of the herds were infected. As a matter of fact I believe that seventy-five per cent of the cattle in Ontario, either beef cattle or dairy cattle, belong to herds tested and free from Bang's disease and tuberculosis. I doubt very much if a man would buy one of these better breeders and put it in with his herd unless it had been tested for both tuberculosis and Bang's disease. I also doubt whether a man could sell one of the better breeders in the United States, even if it came from an area free from tuberculosis, without an individual test being made. The unfortunate thing is that these tests are not one hundred per cent accurate, that an animal may test positive one time and negative another. That is true in connection with tuberculosis; some of the most advanced cases gave a negative result when the blood was tested, so that these tests are not absolutely conclusive. Many of the herds which become infected with Bang's disease build up their own immunities within a short time. Those cattle may go on and be fairly successful herds of breeders, but they will be carriers and in most cases will react to the blood test. It seems to me one of the things to which the department should give a great deal of attention is the inoculation of cattle with the serum used for protection against Bang's disease. My information is that if cattle are inoculated at a certain stage, perhaps before they are twelve or fifteen months old, they are made practically immune to the ravages of Bang's disease. If that is true it would seem to be the logical way to eliminate this disease.

Mr. BRYCE: Coming back to the matter of condemnation insurance, the hon. member for Hastings-Peterborough was not quite sure of his figures. On two previous occasions I

have put on record figures obtained from the department. According to these figures in 1943 we killed over six million hogs, and ·19 of one per cent of the value would have carried that condemnation insurance, but we paid one-half of one per cent, as we have paid it ever since 1906 or 1907. I obtained from the minister's records the number of animals killed and the number condemned, and found that one-quarter of one per cent would have carried this condemnation insurance last year. Putting it into dollars and cents, we sold approximately $363,000,000 worth of live stock, on which we paid one-half of one per cent or approximately $1,600,000.

Mr. GARDINER: Over what period?

Mr. BRYCE: That is only for one year, 1943. In that year we paid the packing companies of Canada over $500,000 more than was required to carry the condemnation insurance. When I spoke previously I appealed to the minister to have this matter handled by the government in order that we might have some control over it. On the last occasion this matter was discussed the minister told me that payment of this condemnation insurance was not compulsory. That is correct; I can go to the packer with my live stock and say I do not want him to take off that insurance. He will reply, "Well, you can take your stock somewhere else." That is the position; it is not compulsory, but you cannot sell your stock unless you agree to this deduction. To-day that condemnation insurance takes care of other things than loss through tuberculosis, though on the statement the reason given is for tuberculosis insurance. When I ship my cattle or hogs by common carrier the law of the land requires that they have insurance to take care of them. From the moment the animal enters the truck or the railway car until it comes out again, I have to pay for insurance to cover it. But when you have a cow spread on the killing floor, or a cow breaking its leg on the killing floor, surely that is not the responsibility of the farmer. Yet he is paying for it through condemnation insurance.

I do not wish to dwell on the point; the minister knows my views in the matter. I should like to see it handled by his department or by a board of live stock commissioners. I went back in the records as far as I could trace, to 1906 and 1907, and never in any one year did it take more than half of one per cent to carry that condemnation insurance. And in forty years, a few thousand dollars each year would have been a very handy sum to be used by breeders' associations in their efforts to get better bulls, or better sires of one kind or another. Some might say that it was too small an amount to divide among the farmers, but there were many things for which it could have been used.

While I am on my feet may I touch upon compensation for animal slaughtering? I understand this involves T.B. insurance; is that correct? We have heard about T.B. insurance, and T.B. free areas. Condemnation insurance was begun away back in 1906, because many tubercular cattle were reaching the plants. The Department of Agriculture in those early days—I do not know how early—established T.B. free areas. Those T.B. free areas were established through a two-thirds vote, and when they came in all herds were tested. Retests were made within sixty days and in every twelve months following. In that way T.B. free areas were established. At that time the rate set was two-thirds of the value of the animal. That rate was all right when one could buy a cow for $60 or $70, and received $38 for the condemned animal. That amount was placed on the purchase price of another animal. I come from an area which is to-day established as a T.B. free area, and on a cow condemned for T.B. one receives $38, or the same amount to-day as he did ten or twenty years ago. Yet to-day one must pay about $200 to replace the animal. The minister will realize just how unfair that is.

Mr. GARDINER: I raised the question myself six or seven years ago, when cows were worth about $20 a head. However at that time we continued to pay on the same basis. I doubt very much if it would be advisable to go up and down, or to follow values at all times.

Mr. BURTON: That would have been a good time to eradicate tuberculosis, would it not?

Mr. BRYCE: I am pleased that the minister is interested in this matter, and I am sure he will see at once the injustice of the present practice. No man will ever turn down the offer of cleaning up his herd, to see that there is no T.B. in it; yet he will receive only $38 for an animal worth anywhere from $175 to $200.

In the fall of 1942 in the Red River valley we put a thousand cows into the packing plant for T.B. Look at the loss we took on those cows. If too small an amount is paid it will act as a hindrance to the eradication of T.B. I would ask the minister to give me the assurance that I could go back to Selkirk and tell the people there that he is sympathetic, and that he is going to try to do something. It is most unfair to pay only $38 for

an animal which within a few weeks must be replaced in the herd at about $175. It is out of all reason. The test is still being carried on, and it would appear that the department does not intend to pay any more in future, because the amount appearing in the estimates is even smaller than it has been.

Mr. GARDINER: What we pay is not necessarily all that the farmer receives for the animal. The regulation is that on cattle we pay 66⅔ per cent of the value of the animal, with a limitation of $60 on the value of grades. This means that we might pay $40. On pure-bred cattle we pay two-thirds, with a limitation of $150 on the value. That means we may pay $100. But in addition to that, the fact that an animal is condemned does not mean that the farmer cannot sell it. He may send the animal to the abattoir, and it will be paid for on some basis. It may be paid for only as tankage. That would be so if none of the animal is fit for human consumption. It may be paid for on the basis of cutting out a small gland in the neck. That may be the only part of the animal which shows contamination. All the rest of the animal would be paid for. That is, a farmer may receive almost full value for the cow as a meat animal. The simple statement, therefore, that the farmer gets only what the government pays, is scarcely in accordance with the facts. For example, to give an exact case, I know of one animal which within the last two years reached the market after being condemned for tuberculosis. The person who sold that animal got over $100 for it. In that instance, while upon inspection the animal reacted for T.B., there was only a small gland in the neck which was affected, and that was the only part which had to be destroyed. So on that basis the figures given by the hon. member do not cover the whole returns.

Reference has been made to what is sometimes called tuberculosis contamination in hogs. Perhaps the highest figure in the whole list of things for which hogs are condemned comes opposite tuberculosis. But the list covers a page and a half of different things for which hogs may be condemned.

Mr. BRYCE: Yes, but ·19 of one per cent covers all the others.

Mr. GARDINER: One of the bigger groups is contamination. In connection with swine there were 122,865, only portions of which were contaminated. Coming to tuberculosis, we find that 4,726 carcasses were condemned but the number of carcasses of which only portions were condemned was 2,684,386.

You cannot just take the value of the hogs that come in and then take the condemnation figure, and then say that you have a comparison there from which you can draw conclusions. It would not be possible to do that. That is why those who are asking for some change in policy or that some report be made from time to time suggest that there ought to be an investigation made. That is why investigations have been made from time to time. If you just say that so many hogs came on to the market; that so many hogs were destroyed because they were condemned, and that one half of one per cent of the value of the hogs is taken by the packing plants, one could arrive at the conclusion that the packing plants were getting too much. But you cannot do it in that way, and I am afraid that that is what the hon. member was doing. I am not saying that the packers are not getting more than they are entitled to, because I have no reason for saying one thing more than another. I am simply saying that any investigations which have been made have tended to indicate that the fund just about covers the amount.

Mr. BRYCE: I agree in the main with what the minister has said. But take a hog that has a little T.B. in the neck. There is half of one per cent collected for that. The farmer gets the full price for his hog but the packer sells the full hog.

Mr. GARDINER: I understand that that is all considered when the investigations are made. They take into consideration what the packer got for his hogs and what he paid out.

Mr. BRYCE: I have taken these things into consideration too. Talk about making a T.B. free area; I have gone through all that. You do get the odd cow which makes beef but they are very few and far between.

Mr. GARDINER: It is really the other way around.

Mr. BRYCE: I was accused of sitting on boards around Winnipeg, but if you had said that I had been in the packing plant, as I have been, finding out things, you would have been nearer the point. When we had that T.B. free area I followed the cattle through the packing plant. When an animal goes into the tank you get only the hide, you have to pay for the killing, and you would think these fellows were carpenters the way they charge you for killing an animal.

Mr. WARD: I agree entirely with what the hon. member for Selkirk says about the condemnation insurance being too high, but he is entirely wrong when he says that it is

compulsory. It is not compulsory. I know a great many shippers who have never paid condemnation insurance. If you sell your stock outright to the drover the drover takes the responsibility, but if you ship your stock on a commission basis you are perfectly free to designate whether you want to pay condemnation insurance or not.

I should like to say a word in regard to the treatment we have received from the department with respect to T.B. tested animals. Some years ago I had my herd of pure-bred cattle subjected to the test. I had eleven reactors. I considered them worth about $6,000 and I received in the final analysis a little over $200 apiece for these animals. That does not sound very much like the $38 that my hon. friend spoke about a few minutes ago.

Mr. BRYCE: Were the hon. member's cattle pure-bred Aberdeen Angus?

Mr. WARD: Yes.

Mr. BRYCE: I am just a poor man, mine were grades.

Mr. WARD: I should like to point this out, that of the eleven head, only one went to the tank. All the rest were slaughtered and the meat was used for domestic purposes. I am inclined to think my hon. friend has overdrawn the picture considerably. I spent a day in his district just two and a half weeks ago and I saw a very nice herd of dairy cattle, Holsteins. The owner of this herd was talking about selling them. I asked him what he thought his herd was worth and he said, "I would be glad if I could get $125 apiece." He had some lovely cows. Again that does not sound very much like the $175 or $200 that the hon. member was speaking of. I am inclined to think some of our hon. friends in the C.C.F. would make a little more progress if they were not quite so extravagant in their statements. They seem to think that they must overdraw the picture all the time; that they must stretch their imaginations in presenting a case. Some of us are not impressed by these extravagant statements. I believe that we can make a little better progress if we keep our feet on the ground and just be a little conservative in the statements we make.

Mr. SENN: It is always well to be conservative.

Mr. WARD: I agree with my hon. friend, but I am surprised that he has not had more influence upon hon. gentlemen of the C.C.F. They do cooperate with his party at times, but he does not seem to have influenced them in presenting a more reasonable case before the house.

Mr. BRYCE: I would draw to the attention of my hon. friend the member for Dauphin, when he talks about misquoting, that last night he said that he quoted me from *Hansard,* which was an untruthful statement. He said that I took 280 days to put 300 pounds on a steer. The way I felt when he was speaking was, "where ignorance is bliss "tis folly to be wise," and I held my tongue, but I am correcting him now. I said, and it will be found in *Hansard,* that I would take 180 days to put 300 pounds on the back of a steer, and you have to be a good feeder to do it—irrespective of what you do yith your Aberdeen Angus. So do not talk about overdrawing the picture.

Mr. STOKES: I thought, Mr. Chairman, we were discussing this item in a non-political manner, but the discussion seems to be getting a little out of hand. I do not wish to prolong it. I just want to say to the hon. member for Selkirk that when he first started to speak he quoted the hon. member for Hastings-Peterborough as having been mixed up in his figures. The hon. member for Hastings-Peterborough was giving the figures for Ontario, and I think the figures were secured from the hog breeders' association. They showed an average collected of $250,000 a year and only about 3,000 head condemned which would bring it to about $75,000. That leaves a large balance running from $175,000 to $200,000. We must remember that fully 15 to 20 per cent of all the parts condemned are recoverable in by-products by the abattoir. To me this seems to be the only class of insurance for which no accounting has to be given, and I should like to hear a word from the minister on that.

Mr. SENN: While awaiting the minister's answer—

Mr. GARDINER: An answer to what?

Mr. SENN: The hon. member for Hastings South wanted the minister to clear up some point. We have had a long discussion of contagious diseases of one kind or another. The discussion has been very interesting and I think it might be of some benefit to the live stock industry.

There is another disease which is quite rampant in the province of Ontario, and possibly in the west, known as shipping fever or hemorrhagic septicaemia. The ravages of that disease are quite apparent. We in Ontario buy a lot of cattle for feeding purposes, and hardly ever a carload comes

into the neighbourhood but has to be immediately looked after or some are lost through this disease of hemorrhagic septicaemia. I have no doubt whatever that the department is aware of this disease and knows what is going on, and I should like the minister to make a short statement as to what is being done by the department to overcome the disease.

Mr. GARDINER: The department of course is aware of the disease and has been keeping in as close touch as possible with it from time to time. The organism producing this disease is widely distributed through nature and only becomes pathogenic through exciting influences. Serious losses occur in shipments owing to shipping poorly fed, weakened animals. Losses could be prevented if only animals with normal resistance to disease were shipped and given adequate rest and feeding en route. Vaccination is harmful unless practised a week or ten days before cattle leave the farm. Serum is of value after a movement but it is too expensive to be used in that way. This disease may affect all domestic animals including poultry. It is a disease of the soil and the germs are not normally disease-producing. It is not a suitable disease to include with those for which this act provides compulsory notice and action. The germs are always present in the soil of stockyards and places where live stock are or have been handled. Germs are present in the bodies of healthy cattle, but do not produce disease unless the normal resisting powers are lowered through exposure to sudden changes of temperature and bad feeding methods and care and to fatigue. The department has issued a leaflet giving the best preventive measures, and that can be secured by anyone who is interested in it for the purpose.

Mr. SENN: Some of the ideas which were advanced by the minister seem to me to be peculiar to say the least. I know that for years past, while the Toronto exhibition was going on—it is closed for the duration of the war—some of the best-nourished cattle in the country contracted the disease by going to the exhibition. In fact, in the last three or four years before the exhibition closed no good breeder would dream of sending his cattle to the exhibition without having them vaccinated ahead of time. So that I cannot see or think that it is only dangerous to poorly fed or poorly nourished cattle.

Mr. GARDINER: That is not what was stated a moment ago.

Mr. SENN: I think if the minister reads the first part of his statement he will see that is what it says.

Mr. GARDINER: No; it gives a number of things. It says that the germs are present in the bodies of healthy cattle, but do not produce disease unless the normal resisting powers are lowered through exposure to sudden changes of temperature and bad feeding methods and care and to fatigue. That is, the fact that an animal is fat and well fed does not prevent it from being tired, as when it is on its way from one fair to another. As a matter of fact, the way they shoot them around between fairs is the kind of thing which would fatigue them.

Mr. SENN: I am not going to pursue the matter any farther. I am glad that the minister and the department have the matter in hand, and I know they will do everything they can to see proper provision is made.

I asked the minister another question early in the afternoon which, since he was taken up with other matters, he did not think to answer. I asked how many herds had been inspected by this department and given a tuberculin test, so that permits could be granted to send milk and cream to the United States under the existing treaty.

Mr. GARDINER: Only one last year. As a matter of fact, it is not being shipped at present—which is the main reason.

Mr. DIEFENBAKER: Now that this discussion has been completed there is another matter I should like to bring up. I dislike putting forward individual cases unless a principle is involved. I refer to the case of a representative of this department in Saskatoon and Prince Albert, Doctor Turnbull, who commenced his duties with the government under the health of animals branch a long period prior to the war. In March or April of 1943, having applied for leave of absence in order to enlist for overseas service, and that leave of absence having been refused, he tendered his resignation. In or about the beginning of the present year, following an accident, he was discharged from the air force, in which he was serving, and then made application for reinstatement in the position which he had previously held. The minister showed every consideration to this man in his application, but after a very considerable delay the civil service commission decided that under the law he was not entitled to reinstatement in the position he occupied at the time of his resignation in order to enlist.

In my opinion a very important principle is at stake in connection with this matter. Similar cases have occurred in one or other departments; and I believe that the government must give the lead to the end that civil servants and government employees who

enlist for service shall be reinstated when their service has terminated. Otherwise private employers may take the attitude that if the government will not follow out that principle they themselves should not be required to do so.

As I say, I know the attitude taken by the minister in this connection: it was fair, and there is no criticism coming to him. I should like a statement from him in regard to this case; for if the law to-day is as was stated by the civil service commission, civil servants who patriotically finding themselves refused leave of absence, and of necessity resign their positions in order to get into military service, will be penalized because of their desire to serve. The minister took a great interest in this case and did everything he possibly could in order to ensure that this man after service should obtain reinstatement. I ask him to make a statement on the matter and inform us what measures are being taken by his or other government departments to ensure that there shall be a change in the civil service regulations, so that men in similar circumstances—and there are a very considerable number of them—will obtain reinstatement when the war is over or upon their discharge from the armed services.

Mr. GARDINER: I understand that in this case the department had recommended that he be put back. As a matter of fact, he is back working.

Mr. DIEFENBAKER: But only in a temporary position.

Mr. GARDINER: He has been put on for the time being at the bottom of the class, whereas the salary had advanced before he enlisted. The department has recommended that he be put on at least as high up the scale as he was when he enlisted, and I have no hesitation in saying that so far as I am concerned as minister that is where he is going.

Mr. DIEFENBAKER: I thank the minister for what he says because I realized that was his attitude. Will a change be asked for by this and other departments of government in connection with—

Mr. GARDINER: I have nothing to do with other departments.

Mr. DIEFENBAKER: May I finish the question. Will a change in the law be demanded by the Department of Agriculture in the civil service regulations to ensure that this sort of thing shall not be permitted in the future?

[Mr. Diefenbaker.]

Mr. GARDINER: I can assure my hon. friend that every pressure which the department and I can put on will be used. I think this is a case in which there should be no quibbling at all. My opinion is that any man who went overseas from a job with this government ought to come back to it, if he is capable of doing so, with at least the same salary as he had before he enlisted. I intend to insist upon that so far as this man is concerned.

Item agreed to.

Production service—

17. Compensation for animals slaughtered, $372,620.

Mr. SENN: What is the explanation of this item in comparison with the former one?

Mr. GARDINER: This is the item under which compensation comes.

Item agreed to.

Production service—

19. Plant products—Seeds, feeds, fertilizers, insecticides and fungicides control, including grant of $18,900 to Canadian Seed Growers' Association, $558,345.

Mr. MATTHEWS: I wonder if I might refer to the men who produce these seeds, feeds and so on. I have in mind the men engaged for years on steady service at the experimental farms but who are not considered eligible for the civil service. They are doing hard work outside the walls of offices, while their associates do the more comfortable work inside; but whereas one group of men comes within the civil service, the other is not considered eligible. I have before me a statement with regard to the men engaged on the Brandon experimental farm about which I spoke this morning. On that staff is one man who has given thirty-five years of unbroken service with neither holidays nor sick leave, to which he was not entitled. Another has given twenty-two years; another, nineteen years; two have given sixteen years; one, fifteen; one, fourteen; one thirteen; two others, six years, and two others, five years. Putting it briefly, these men have given the best of their lives to this work, and I think it is an unwarranted discrimination that they are not admitted to the same benefits of the civil service as their associates enjoy. I do not think it is really the fault of anyone in particular; it is one of those things that have been allowed to drag along. But it does not savour of fair play or even of common sense. I know these men personally and I can assure the committee that they do not want something for nothing. They are the type of men who have always given an honest day's work for an honest day's

pay. I suggest that even now some amendment might be made whereby these men would be entitled to the benefits of the civil service. It is late in the day, but some retroactive step might be taken. Their eligibility should date after two or three years of continuous service. I am not speaking of men who are there only in the summer months but of men who are devoting their lives to this work. I suggest to the minister—and I believe I have his undivided sympathy—that, if possible, something be done to make these men eligible.

Mr. WINKLER: In support of what the hon. member has said, in my experience of the work at Morden, there is a considerable number of those who have not received consideration for years, such as civil service employees enjoy, and it is more a matter of oversight than anything else. There is a principle involved, and I suggest that a check-up be made of those employees who have been steadily engaged for years but who have not received the benefits that accrue to civil service employees. Something should be done to ascertain how many men have been overlooked.

Mr. GARDINER: I hope, Mr. Chairman, you are not going to permit everyone in whose district there is an experimental farm to raise this question. We discussed experimental farms earlier.

Mr. WRIGHT: A few words with regard to fertilizers. The other day Doctor James, President of McGill university, stated that to-day, among the various technical advances made in Canada since the war started, was increased production of chemical fertilizers. He stated that these fertilizers were being produced at the present time at a fraction of their former cost. I do not know whether that statement is correct, but if it is, that reduction in cost has not been passed on to the farmers in the price they are paying for fertilizer.

Mr. GARDINER: What was the statement?

Mr. WRIGHT: That fertilizer was being produced in Canada at a fraction of what it cost to produce before the war started. He said that there had been technical developments whereby chemical fertilizer was being produced more cheaply than formerly. If that is so, why has not the reduction in cost been passed on to consumers? Further, with regard to fertilizers, I believe the minister put certain figures on *Hansard* in answer to a question of mine regarding an increase in the production of fertilizers. At that time he said that the requirements were being supplied in full before fertilizer was exported. I am afraid I have to disagree on that, for certainly the requirements of western Canada were not met in full last spring. I have received several inquiries with regard to fertilizer, and complaints were made that farmers could not obtain fertilizer last spring. Certainly our exports have increased tremendously in chemical fertilizers. I think our own consumers should be considered before this fertilizer is exported.

Mr. GARDINER: An answer was put on *Hansard* earlier in the session with regard to the matter which has been referred to by the hon. member for Melfort. However, I would point out that the ingredient of fertilizer which was referred to as being produced at greatly reduced cost is ammonium nitrate. It is produced in the plant at Calgary, but that production is for war purposes. Only a very small proportion of it is being utilized in Canada for fertilizer. Of course, when the war is over it will be possible to take that product and use it for fertilizer purposes, and there should be a reduced cost in connection with it in so far as fertilizer purposes are concerned at that time. At least, I think there should be. I am not familiar at the moment with the volume that is being produced now and with the volume that would be produced then to satisfy any demands that there may be for the use of it as fertilizer, but there should be some reduction in the cost of it, although that would not show in fertilizer to any great extent up to the present.

Mr. CRUICKSHANK: If I am in order I should like to ask a few questions in connection with bulbs. I presume it comes under the item of seed. Have any plans been made in connection with the production of bulbs in Canada? I refer particularly to daffodils and tulips. As I understand it, at the present time bulbs are produced in two provinces in Canada. Everybody knows we used to import a tremendous quantity of bulbs from Holland. That has been cut off and we have a wonderful opportunity to build up that industry. I noticed yesterday that it is reported that 200,000 acres had been flooded in Holland. I presume the crop is entirely lost for years. We in British Columbia, particularly in the Fraser valley and on Vancouver island to a certain extent, grow bulbs and ship several carloads east every year. This is an industry which takes quite a few years to get into. It is an expensive industry to get started. I think we have an ideal chance on the small farms in the Fraser valley to get started so that the soldiers coming back will have something to go into.

That is particularly true of the seven hundred Jap farms that we have taken over. Only certain places are suitable for this crop; the soil conditions have to be favourable. That is the reason why the industry is confined to one area in the Fraser valley, Bradner district which was pioneered by an Englishman. We are rather proud of the fact that we have built up such an industry there. We are shipping several carloads to eastern Canada. Is the Department of Agriculture taking any steps to build up this industry? I believe it is an opportunity to build up something for the future without competing with anything. There is a future market for these bulbs. We all realize that generally we have to compete with world markets in anything we produce. In this particular line I understand there will be a market in Canada for many years to come for anything that we can possibly produce within Canada. What steps are being taken, if any, by the Department of Agriculture to further this industry?

Mr. GARDINER: When the hon. member rose to speak he asked whether this was the proper item under which to discuss this matter. I would say that it is not. There is no provision here for anything like that. When we come to horticulture under which it does come that would be the proper place to discuss it. It might come under experimental farms. There would probably be an opportunity to discuss it under item 26 which deals with grant to Canadian horticultural council. I have not the information before me at the moment, but I shall try to have it here this evening.

Mr. HATFIELD: With regard to the question asked by the hon. member for Melfort on surplus fertilizer produced in Canada, I understand that there was a great surplus of ammonium nitrate produced in Ontario and Calgary which was exported to the United States for fertilizer purposes. I refer to a great surplus over and above war requirements.

Mr. GARDINER: Yes; while it is quite true that there is ammonium nitrate used for fertilizer purposes, it is part of an exchange which we make between the United States and Canada in order to get potash back from there which we require in order to make our fertilizer mixtures here. There have been some price reductions in connection with it which would have some bearing on the question raised by the hon. member for Melfort; but the main factor in connection with it is the fact that we do make exchanges of the ingredients of fertilizer between this country and the United States. There has been an arrangement which involves the sending of considerable quantities.

[Mr. Cruickshank.]

Mr. HATFIELD: I understand it was sold cheaper in the United States than in Canada?

Mr. GARDINER: I am told not; I am not familiar with that.

Mr. SENN: Would I be in order in discussing the marketing of grass seeds and clover seeds under this item?

Mr. GARDINER: I think all matters of marketing come under items 22 to 28. There is nothing in it that deals with grass seeds that I can see.

Mr. SENN: What about the special products board item? I should like to touch on the question of the marketing and growing of seeds which I think was not too well handled last year.

Mr. GARDINER: That would be under this branch here.

Mr. SENN: I do not wish to criticize particularly the department about the matter, but the special products board a little late in the season undertook to deal with all exports of grass seeds and clover seeds of all kinds. I think that was due to an arrangement made with the British food board or some other British board. Unfortunately the special products board did not take action until such time as a considerable portion of the alsike seed had been harvested and marketed in the district from which I come. The result was that a good deal of confusion was created within the trade. Unfortunately the price which they offered for export seed was not in accord with the ceiling prices in Canada. The ceiling prices in Canada were higher than the amount they were offering for export seed. The result of the whole thing was that the initial purchasers, the men who buy from the farmers and clean the seed initially, had to buy on the export basis. The price set for alsike, red clover and alfalfa was lower than the domestic price ceiling, some of which had been purchased and a good deal of which was in the hands of the farmers themselves. There was a good deal of dissatisfaction in the district over the fact that after the order came from the special products board that all seeds to be exported would have to go through their hands, the price was lower than the farmers could get otherwise. It was true that participation certificates were issued, but in the case of red clover at least I do not think these participation certificates will ever be realized.

I made some mention of this matter before, and I do not wish to elaborate it at any length now, but if the same conditions are to prevail this year and if export seed is to be

marketed by the special products board they should set a price very soon. Alsike seed is being harvested at the present time in my particular section, and within two or three weeks at the outside some of it will be placed on the market. The dealers will not know what to pay unless the special products board sets the price in time. Unless that is done they will not know what to do. They want to know also whether participation certificates will be issued this year. They will want to know what the grades are to be. I understand that from time to time there is an advisory committee within the seed department which changes the grade to some extent so that the crop can be handled to the best advantage.

I know the dealers themselves are very much exercised over the situation. They are willing to cooperate with the department, not only to see that the farmers get the best possible deal but to see that the seed is properly handled and distributed throughout the country. I am afraid we in Ontario again will have to depend very largely upon the western crop for our alfalfa seed, for I do not think there will be enough of it grown in Ontario to provide for domestic consumption. I believe something should be done to see that we are protected to the extent of getting only alfalfa seed of good quality from the west, instead of the seed that has come down to us sometimes, when I am afraid we got only the skimmings of the crop. The farmers of Ontario should be put in a position that will enable them to grow alfalfa as they have grown it in days gone by. I am not offering any criticism of the department; I am merely pointing out that we would like to have arrangements made sufficiently in advance so that the crop may be harvested and marketed to the best advantage.

Mr. GARDINER: This matter would properly come under the special products board, which made the deals, but my memory is that the item went through without discussion on a previous occasion.

Mr. SENN: No; I spoke of it.

Mr. GARDINER: I am not sure that I answered then.

Mr. SENN: The minister said that he was not familiar with the circumstances.

Mr. GARDINER: I think I should place on *Hansard* a statement in regard to it, and I have here a list giving the sales of alfalfa seed. The seed export office did not purchase this alfalfa from exporters; it was purchased under the directive of the seeds administrator and delivered to the Commodity Prices Stabilization Corporation, who paid for the seed and in turn invoiced the office, as instructed by the seeds administrator. The special products board are the sole exporters from Canada of alsike, alfalfa, red clover and also alsike and white mixture. Under interallied agreements Canada has undertaken to export to the United Kingdom or other allies all the surplus of these seeds that can be spared over domestic requirements, and I may add that all the regulations made by order in council were for the purpose of assuring that we would have seed in Canada. We were trying to prevent so much seed from being exported that we would be left short. The special products board has established what is known as the seed export office, located at Lindsay, Ontario. This office, in order to maintain the quality and reputation of Canadian seeds abroad, purchases from qualified and experienced exporters who have heretofore been in the business and who are properly equipped to process and uniformly blend these seeds for the export market. The prices being paid exporters for these seeds, for top quality, by the special products board are as follows:

	Per 100 pounds*
Alfalfa	$31
Alsike	24
Medium red clover	27
Alsike and white mixture	27

* FAS Halifax, bags extra.

Mr. SENN: Would the minister give also the ceiling prices for domestic consumption, so that we may have a comparison?

Mr. GARDINER: Of course these prices are lower than the ceiling prices in order to maintain a supply of seeds in Canada. The prices I have just read are comparable with wholesale prices, while the retail ceiling prices are as follows:

Alfalfa	$37
Alsike	29
Red clover	34
Sweet clover, white blossom	14
Sweet clover, yellow blossom	15

Mr. SENN: Five cents a pound is a pretty good retail spread, is it not?

Mr. GARDINER: Part of that is covered by participation certificates, on which payments have been made within the last week.

Mr. SENN: To alsike growers?

Mr. GARDINER: On alsike and clover.

Mr. SENN: Could the minister say in what amount?

Mr. GARDINER: No, I have not the amount here.

Mr. SENN: I am afraid it is critically small.

Mr. GARDINER: I am not sure as to the amount. These prices have been named by the board, and are lower than what are considered to be fair wholesale carload prices for No. 1 seed this year in the domestic market; I am referring to the export prices I read a few moments ago. The prices were placed on this basis in order to permit seedsmen to accumulate stocks for domestic distribution under the established retail ceilings and also to prevent wholesalers from selling to the seed export office seed that would be required for Canadian needs. Lower grades are purchased at appropriate reductions in price, depending upon purity, germination and weed seed content. Producers disposing of these clover seeds to an authorized seed dealer in the condition set forth by the board will receive from the seed dealer participation certificates on behalf of the special products board, entitling them to share proportionately in any export profits made by the board. All growers of each kind of seed participate in export profits. The seed export office has purchased to date and sold to the United Kingdom from the crop of 1943 the following:

	Pounds
Alsike and alsike and white.....	678,300
Red clover	60,000
Alfalfa	352,000

Item agreed to.

Production service—

21. Grants to agricultural organizations, in the amounts detailed in the estimates, $33,500.

Mr. WOOD: Included in this item is a grant of $18,000 to the Canadian national live stock records. I do not see why this association should receive so much, because it also collects fees from breeders of pure bred stock for registering that stock, and in my opinion those fees should meet the cost of administration, although I will admit that a large proportion of the fee goes back to the various organizations concerned. I would remind the minister that we have in Canada the Holstein-Friesian association which maintains its own offices and staff. It also charges a fee for registration; it does not have the advantage of free postage, as do the Canadian national live stock records; yet it has been able to administer an institution that has become extremely wealthy and is giving splendid service. That is one question I should like the minister to answer.

Then I understand that the idea of the Canadian national live stock records is to maintain records of all pure-bred live stock in Canada; I believe they keep all the records with the exception of those kept by the Holstein-Friesian association, including the records of the horse breeders. There is one regulation which, I believe, has irritated the horse breeders. The horse breeders are obliged to register their horses with the New York Jockey Club. Not only do they have to register in the Canadian national live stock records, but also must register with the New York Jockey Club. Then, if they are going to race their horses they are compelled to register with the Incorporated Racing Association. That seems to be a rather elaborate procedure to go through.

I am not objecting so much to that, if that is considered necessary by the racing associations. What I am objecting to is that horses should be allowed to come from the United States and race on our tracks in Canada, when they do not have to register in the Canadian national live stock records. It seems to me that if our breeders are obliged to register in New York state there should be a reciprocal arrangement whereby they are forced to register in Canada, if they wish to race their horses here.

The difficulty is that the race-horse breeders in Canada find that there is a lack of scrutiny with respect of horses coming to this country. Unless we have some check on them by way of registration we can have no indication as to whether they are registered, even under the New York Jockey Club regulations. The result is that, to use a slang expression, ringers are put on the race tracks, and our breeders must compete against these unscrupulous methods of doing business. Unfortunately we are not giving enough attention to the matter, or protecting our own breeders.

To my mind it is important that we assert ourselves, and that we give the necessary protection to our breeders. True, I will admit that the breeding of race-horses has not become extensive; but it is a hobby enjoyed by certain men. They like to breed that type of live stock. My purpose in raising the question is to point out that, after all, in the main, horse-racing is supposed to be a rich man's game. Fortunately, there are some honest-to-goodness dirt farmers who still like to breed fast race-horses, and I do not think they should be discouraged. It is on their behalf I am speaking, because if one were to go through the records of all types of live stock breeding, and particularly in Canada, he would find that the finest, the very best live stock is produced by the honest-to-goodness dirt farmer.

True, we welcome the wealthy man who enters the game as a hobby. They have been able to make their contribution by bringing together certain families of animals, and producing good results. But even those men find they have to go back to the honest-to-goodness dirt farmer to get the very best results. Let me tell the committee that there is something in the quality of a man's mind that finds its expression in the proper mating together of animals, to bring about certain desired results.

I have in mind a man who happened to be a neighbour of mine, and liked to breed fancy race-horses. At one time he had an opportunity to purchase a sire for the sum of $50. A wealthy man had paid $50,000 for the same sire, but did not use him or mate him with the proper mares to get results. But because this dirt farmer understood the particular virtues of that stallion, and could analyse his qualities and mate him with the proper females, in a few years he was in a position to produce one of the best and greatest money-making race-horses on the Canadian circuit. Then he found out that because he was making so much money the stewards of the Canadian racing association found some excuse to put him off the tracks.

I am not blaming the federal department for that because, after all, the racing association is under the jurisdiction of the provincial government. But I do point out that that is a matter which should be looked into as early as possible, and that the racing association should be under the control of a commission. There should be far more jurisdiction over it than there is at the present time.

The whole thing follows out a certain scheme and philosophy. I feel that I am here to protect the interests of the honest-to-goodness dirt farmer. If it were not out of order I should like at this point to analyse some of the results of breeding, as they are set out in the national live stock records. I could show from those records that the greatest cows in Canada to-day were the result of careful mating under the control of honest-to-goodness dirt farmers. If one will analyse the records of performance as they are set out in the *Dairy Journal* he would find that while some wealthy people own cattle which they milk four times a day, and produce certain records, the average farmer who cannot afford to milk four times a day obtains very good results. As one goes down the list he will find that it is the honest-to-goodness dirt farmer, the farmer who has the cows which milk only twice a day, who has the better record. His record is even better than those fellows who milk four times a day.

I see the hon. member for Haldimand smiling. Well, he has a neighbour in his constituency, an honest-to-goodness dirt farmer, who produced the first 30,000-pound cow in Canada. That was Jemima of Riverside. I could give the committee the history of many other cows, such as Paulina Calantha Posch, whose progeny were the foundation of many Holstein herds to-day. The same blood was the foundation of that great farm, Hudson Heights, owned by Mr. T. B. Macaulay, who sold some of these high-priced cows. Paulina Calantha Posch was a cow bred by an ordinary dirt farmer in my own county, which I have the honour to represent.

Then there were other sires like Prince Calanthus Abberkerk, which was owned by an Oxford county farmer. Those were some of the greatest animals on record in Canada, and were selections made by honest-to-goodness dirt farmers.

We cannot afford to neglect some of these things which give encouragement to ordinary farmers. I am quite prepared to admit that the raising of race-horses is a game for the rich man. There are very few ordinary farmers who can afford to take the risk of going into that line of business. But I say that when a man has the desire and the foresight to go into it, nothing should be put in his way to discourage him. There should be no regulation or reciprocal arrangement which would make it more difficult for him to develop that kind of business, or any development connected with agriculture.

Mr. HATFIELD: I cannot see why this vote for the Canadian national live stock records is necessary, although I believe it has been given them for some years. They charge fees sufficient to cover the keeping of records, and I do not see why such records should be kept outside the Department of Agriculture. In my view they should be kept by the department. I understand that the Canadian national live stock records have a fixed surplus of over half a million dollars. Why should we be granting them $18,000 each year?

Mr. GARDINER: I do not know just what I should, or what I can say, in reply to the statement made by the hon. member for Brant. As he said, the matter he was discussing is to a large extent under the control of the provincial government. In addition to that, this Canadian national live stock records association is not a branch of the department. True, we give them a grant of $18,000, as the result of an arrangement entered into many years ago. I believe it was entered into before any of us were members of the house. The records of all breeds but the Holstein are kept by this

association. The question of whether we should discontinue this grant has never been discussed since I have come into the department. I know of no reason why the grant should be discontinued. The records are well kept. Those of us who deal with them from time to time find a high degree of satisfaction in dealing with them. I know of no reason why we should discontinue the grant, but if any hon. members have any reasons why we should, I shall be glad to hear them.

Mr. HATFIELD: Why should they get a grant when they receive sufficient to keep the records? Why should these records not be kept by the department?

Mr. GARDINER: I understand that there is no profit. The only answer would be that if they do not get the $18,000 they would have to charge more. That might be the proper way to do it.

Mr. HATFIELD: How did they build up a surplus of half a million dollars?

Mr. GARDINER: The breed associations may have a surplus, but I understand that this particular organization has no surplus.

Item agreed to.

Marketing service—

22. Marketing service administration, $106,090.

Mr. SENN: There is one increase, which is largely due to a new appointment, that of agricultural commissioner. That is the only addition to the staff. What are the duties of the commissioner?

Mr. GARDINER: The commissioner is Mr. J. G. Robertson. It will be remembered that a few years ago we appointed an agricultural commissioner, who was sent to London. Unfortunately he lost his life in the sinking of a ship in 1940 or 1941, and the vacancy was not filled until this last year. Mr. Robertson is now in London.

Mr. HATFIELD: I should like to know what work the marketing service carries on at the present time. We have two marketing services, one under the Department of Trade and Commerce, and the other under the Department of Agriculture. What work is the latter carrying on?

Mr. GARDINER: The marketing service of this department was set up as a new service in 1936, the year that I took over the department. Prior to that the department was organized into branches associated with different farm products. In 1936 we organized the department into four divisions, as they are indicated in these estimates; science service, production service, marketing service, and special. The terms used to designate these services indicate pretty well what they are. Under science service, scientific investigations are carried on into farming, and the experimental farms service then tries to carry out some of the suggestions made. The production service is concerned with promoting production of the best kinds of farm products, and the marketing service is interested in the marketing of these products. Under marketing service we find such items as agricultural economics, dairy products, subsidies for cold storage warehouses, fruits and vegetable products, live stock and live stock products, and the marketing of agricultural products generally.

Our chief objective in setting up the marketing service was to give first emphasis to the necessity of finding markets for farm products. As the hon. member has stated, there is a service in the Department of Trade and Commerce which attempts to take care of marketing generally, but it was thought at that time, and experience has proved that it was a proper thought, that special emphasis should be placed upon the necessity of finding markets for farm products. It will be recalled that from 1931 to 1935 or 1936, in fact almost down to the beginning of the war, there were piling up in Canada very considerable surpluses of farm products which we found difficulty in marketing. When we found difficulty in marketing any particular product our farmers had to go out of production of that product, and the result was that in many lines of farm production from 1934 to 1936 we were down pretty close to the bottom. We made an inquiry at that time, which was fully discussed in the house and outside. We sent a delegation to Great Britain to examine the whole marketing position in Great Britain and on the continent, and they came back and made a report. That report was not acceptable to everybody. It will be recalled that at the time it was questioned whether any further copies should be printed, and the printing was finally stopped after an almost complete distribution of the report had been made all over Canada If anybody wants to know the history of marketing I recommend a reading of that report, some copies of which can still be found roundabout. That report gives a true picture of the conditions that existed then in the British market and on the European continent. It gives a true picture of the marketing of farm products back over a considerable period of time.

The report recommended that certain things be done, and we have done many of these things, particularly since the war began. As a result we have been able to market a very much greater volume of our farm products than any of us ever had thought might have been marketed from the farms of this country. The whole experience in connection with that service from the time it was set up has indicated that we certainly need in Canada, and I think in the Department of Agriculture, an organization that is intent upon finding markets for farm products both at home and abroad, and that we should proceed to spend, not less money upon it, but more in order to make sure that these markets are found and made available to our farmers.

Mr. HATFIELD: I think the minister is right.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. HATFIELD: Before we took recess I was saying that the minister was probably right in setting up this marketing service for the Department of Agriculture, but I do not understand why he has increased the estimate on marketing and decreased the estimate on production, at a time when there is a great demand for supplies and most agricultural products are being rationed.

I should think that now we need a larger estimate for production and a smaller estimate for marketing. No doubt we shall need an increased estimate for marketing services after the war, but at this time it looks to me as though, when the marketing service of the Department of Agriculture opens up any market, the wartime prices and trade board comes along and blocks it. When we had a market for our certified seed potatoes in the United States the export board banned the export of seed, and the result was that a large quantity of certified seed was left in Canada, especially in Prince Edward Island and New Brunswick, and had to be sold at a much lower price, for table stock. Some of this seed was even dumped at the end of the season. During the months of January, February and March we were refused export permits. I believe this was caused by the wartime prices and trade board, and I should like to see more cooperation between the two boards and the department. It looks to me as though in the last two years the wartime prices and trade board has been opposing everything which the marketing branch of the Department of Agriculture has tried to do.

Mr. SENN: I am somewhat in agreement with the hon. member who has just spoken about this matter of marketing at this time. The minister made quite a statement at six o'clock, saying that the marketing services had been set up in their present form about 1936 or 1937, when he first came into the department. I am free to admit that they did very good work up to the time of the war. However, the minister referred to a report which is commonly known as the Shaw report and gave it credit for the increased marketing which has been experienced since that time. In my opinion any increase which has occurred in the marketing of farm products, particularly in Great Britain and other foreign parts, has been due to the war itself and its needs and not to any report which was issued prior to the war by any official of the department.

I doubt very much the necessity of having such a large marketing service at the present time, particularly when one takes into consideration the number of boards which are marketing a large part of our production. We have the wheat board marketing our wheat, the meat board marketing our meat products of all kinds, the dairy products board looking after the marketing of dairy products, the special products board concerned with the marketing of other products. Just why the minister is so anxious to keep the department at its full strength at this time is difficult to understand. I doubt very much the advisability of having so large a department. I think I know what the minister will say, that a number of officials who are in the marketing service here go to make up the boards which are handling these products as they are shipped to other countries. That is very true. But once more I am going to criticize these boards for having no producer representation. I believe we would get along much better and the boards would have to a much greater extent the confidence of the producers if the producers were represented upon them.

I do not intend to pursue the matter farther. The ministers may have information which I have not to support the necessity of keeping up such a large marketing service when we have so many boards organized for the purpose of marketing our products abroad, and when there is so large a demand for those products that, as the hon. member who just sat down remarked, we cannot fill the demands.

Mr. GARDINER: There is one point in connection with a matter which has been raised to which I think some attention should be given. It was suggested that we had this

marketing report back in 1936 and that the increase which has come in connection with the marketing of farm products is largely as a result of the war. I would instance just one farm product to indicate the extent to which that is a fact. With regard to cheese, Canadian production in 1907 was 204 million pounds and our exports to Britain were 190 million pounds. Coming down to 1934, we produced 99 million pounds and exported 58 million pounds. In 1935 we produced 100 million pounds and exported 52 million pounds; that is the low point of our exports over the whole reported period. In 1936 we had these investigations made of which I spoke and started trying to encourage in the latter part of that season the production and export of cheese. By 1937 we were producing 130 million pounds and exported 80 million pounds; in 1938 we produced 123 million pounds and exported 75,950,000 pounds; in 1938 we exported 90,945,000 pounds. Before the war started we had increased our exports to Great Britain from 52 million to 90 million pounds, and I think that was largely the result of the activities which were taken at that time, not only on this side but in Britain. We put in Great Britain the representative of the department who was spoken of earlier, when we were asked why we had voted an extra salary this year for agricultural appointments, and we gave him some staff with which to promote the sale of cheese and other farm products in Great Britain, with the results I have just indicated, before the war started. It is true that in 1942 we had got our production of cheese up to within one million pounds of what it was in 1907. The increase in production continued through the war period, until in 1942 we produced between two hundred and three million pounds and we exported between 140 million and 150 million pounds to Great Britain. We were down in 1943 as compared with 1942 and we are up again this year as compared with last year. It is most important to promote not only marketing but production, and we are doing both. We are promoting the production of cheese at present, influencing that production to some extent by our action in connection with subsidies on milk and other dairy products.

Mr. HANSON (York-Sunbury): Bonuses.

Mr. GARDINER: Cheese production is going up under that system at the present time. Of course, in the earlier years there was no bonus; it was merely a matter of assuring the farmer that there was a market for the product and a certain return for it and he produced the cheese.

[Mr. Gardiner.]

Mr. HANSON (York-Sunbury): The demand must have fallen off in Britain. Was there a question about the quality of our cheese?

Mr. GARDINER: No.

Mr. HANSON (York-Sunbury): There was some question, I believe.

Mr. GARDINER: A question arose toward the end of the last war with regard to our willingness to supply cheese at a price. Perhaps I should give the figures which are here before me. In 1907 we produced in Canada 204 million pounds and in that year imports into the United Kingdom from Canada amounted to 190 million pounds and imports from New Zealand to 21 million pounds. Coming to the year I mentioned, 1935, our production had gone to 100 million pounds and our exports to the United Kingdom amounted to 52 million pounds, while New Zealand's exports to the United Kingdom had risen to 197 million pounds.

Mr. HANSON (York-Sunbury): What was the reason for that?

Mr. GARDINER: There were two or three reasons, and one of the reasons explained in the report we were discussing is this. You could go to London in 1936 and walk down the Strand; you could see on every bus, and displayed prominently on buildings the sign, "Eat New Zealand Cheese".

Mr. HANSON (York-Sunbury): Sales promotion.

Mr. GARDINER: But there was no Canadian sign anywhere in London at that time. We inaugurated an advertising policy partly through our own department and partly by reason of the good will of the Department of Trade and Commerce, with the result that our cheese was advertised in the same way as New Zealand cheese was being displayed, and then we went on and urged our people to produce cheese in order to meet the demand being thus created.

Mr. SENN: Can the minister give figures showing the prices realized per pound for cheese at the various times he has indicated?

Mr. GARDINER: In 1907 the price was 13·91 cents; in 1935, 11·62 cents; in 1936, 13·44 cents; in 1937, 14·67 cents; in 1938, 15·26 cents. That is the last year for which I have prices here, but since that time they have gone up gradually, from sixteen cents the following year, until now the actual price is twenty cents which, with other premiums and other forms of assistance, is brought up to around twenty-five or twenty-six cents.

Mr. HATFIELD: How are the extra costs accounted for? They should be in these estimates. I am referring to extra costs resulting from the war.

Mr. GARDINER: The cost of the dairy board is in the war expenditures.

Mr. BURTON: Glancing over this estimate here, especially the details given at page 65, I have come to the conclusion that this is about one of the best paid branches the minister has under his jurisdiction. I would not object to that but for a number of reasons. First of all, consider what the hon. member for Haldimand stated a little while ago. We have in operation a number of other boards which no doubt are carrying on some of the work that this branch of the department in other years would be expected to do. But over and above that, my reason for rising at this time is that earlier in the day, when we were discussing another branch of the department, the health of animals, the minister gave us what I thought at that time was a reasonable and logical explanation of the manner in which the salaries were adjusted. Glancing over this, however, and comparing it with the health of animals branch, I find that there are some discrepancies. For instance, the director of marketing service receives $8,500, but when you turn to the health of animals branch you find that the highest figure is $4,320. It may be said that the director of marketing service is a rather more responsible person, being more or less the head of that branch. Well, drop that for the moment and take the agricultural commissioner. There the figure is $5,280, and when you look at the health of animals branch the first person in charge gets $4,320.

Mr. GARDINER: You should compare them with the director of production and the director of experimental farms. The salaries are more nearly the same.

Mr. BURTON: But I submit that even taking that into consideration, when we were dealing with the health of animals, it was pointed out on a number of occasions in this session that the health of animals has a bearing on the health and welfare of human beings as well. I do not see therefore why we should have one class of men underpaid, while those in another branch are receiving a fairly reasonable remuneration. Mind you, I am not complaining, or suggesting that these persons should not be receiving what they are. I am simply pointing out that we have a number of other boards that are taking away from them a certain amount of responsibility in the work in detail and still we leave others, who are to safeguard not only the health of animals but the health of our population to some extent, in an underpaid class. It does not seem fair. While I was more or less reconciled to the statement the minister made this afternoon, as to why they could not pay those in the health of animals branch more than they were receiving, after examining this item I am not quite so satisfied.

Mr. GARDINER: To keep the record straight, there are of course certain things that cannot be fully calculated here. I am not certain whether these items are entirely included in the salary, but take the director of experimental farms. He lives in a house on the farm, and anyone will agree that there are some advantages in having that government house available to him.

Mr. GRAYDON: You are fortunate to have a house of any kind in Ottawa.

Mr. GARDINER: His remuneration is $7,500, which is not as low as some mentioned by my hon. friend. He is comparable with the director of marketing. Then you go on to the director of production, whose salary is something over $6,000. At the top of page 62 of the estimates there appears the item: "Director of production services, $6,300". He is a new man recently appointed. He succeeded the person who was superannuated and takes on the lowest range of salary when he begins. Then over on the page we are dealing with appears this item: "Director of marketing services, $8,500." The occupant of that position is Mr. A. M. Shaw whom we induced to leave the position as dean of the agricultural college to come to Ottawa to take this position.

Mr. BURTON: I am not saying that these people are getting too much.

Mr. GARDINER: I understand, but I wish to keep the record straight with regard to the heads of the division and with regard to the comparison which was made a few moments ago with the heads of branches in the division of marketing services. So far as the staffs are concerned I think it will be found that generally, as I said this afternoon, these salaries are arranged by the civil service commission in a manner which is intended to give the same value to the different positions which entail similar work.

Mr. REID: Can the minister give any information to the committee as to the possibility of a market for eggs in Great Britain for the future? Most of the provinces have

considerably increased their flocks. While it is true that most of the provinces produce more eggs and poultry than British Columbia, still the fact remains that we as a province specialize in the production of eggs. Although the grain comes to us from the prairies, nevertheless the fact remains that the climate is such that the production per head of poultry is higher in British Columbia than in any other province.

Mr. GARDINER: Would the hon. member leave that until we come to live stock and live stock products?

Mr. REID: It has to do with marketing.

Mr. GARDINER: Live stock and live stock products includes marketing. I have not the information at the moment, but I shall have it when the item comes up.

Mr. HATFIELD: Is this agricultural commissioner a new position; is it a new appointment on the marketing service?

Mr. GARDINER: Yes; it is the position that I dealt with this afternoon. It is the position which William Allen, who lost his life crossing the Atlantic in 1941, occupied. We left it vacant until this year. One of the reasons for that was that during the war and up until very recently we thought the position could be left vacant. But now as we think we are approaching the end of the war we thought it advisable to have a man in London and this man is in London.

Mr. HATFIELD: Who is he?

Mr. GARDINER: Mr. J. G. Robertson.

Mr. WRIGHT: I was surprised to hear certain members of the committee suggesting that there should be a cut in the grant for marketing service. I know that at the present time there is a market for most of our agricultural products, but I think we all agree it is largely due to the war. This grant should be maintained so that the markets which we now have may be retained and provision made for taking care of surpluses which we are likely to have in Canada after the war. Certainly I should not like to see this marketing service branch curtailed in any way, because we are going to need it and its service in the post-war years. However, I believe that we should have all agricultural products under the Minister of Agriculture, particularly the marketing of them. At the present time our wheat is marketed through the Department of Trade and Commerce. Has any move been made by the government to concentrate the marketing of all agricultural products in the Department of Agriculture rather than in two departments, trade and commerce and agriculture, as they are at the present time?

Mr. GARDINER: There was a discussion with regard to that matter which spread itself, I think, over about twenty years or longer. Just at the beginning of the war the present Minister of Trade and Commerce was appointed, and I think the last time the matter was discussed here I intimated to the house that I thought two heads were probably better than one and that we would get along very well together; therefore we have not had any discussion on it since.

Mr. HATFIELD: I was not asking for any cut in the marketing services. I was wondering why there was a cut in the production branch and an increase in the marketing services in war time. I think the marketing services should be increased, not decreased, but I think this is the wrong time to do it. In normal times I believe that seventy-five per cent of our estimates on agriculture should be spent on marketing. I believe that production will take care of itself in normal times.

Mr. SENN: I should like to be clear on the position which the Department of Trade and Commerce occupies with the Department of Agriculture in marketing problems overseas. I think it is true that this famous Shaw report did make mention of the activities of the Department of Trade and Commerce over there and, to say the least, it was not flattering. Since this new agricultural commissioner has been appointed to look after marketing over in Britain to a certain extent, has the Department of Trade and Commerce a representative over there, and, if so, how is the work of the agricultural commissioner in Britain defined in relation to the work being done by the trade commissioner of the Department of Trade and Commerce?

Mr. GARDINER: There has been a representative of the agricultural department in London for a long time. I am not sure of the exact date but I think it was 1922. It was during the time, at any rate, that Mr. Motherwell was here as Minister of Agriculture. Shortly after he became Minister of Agriculture he appointed a representative of the Department of Agriculture to London. At a later date, I think it was when Mr. Bennett was Prime Minister, the agricultural representative was placed under the Department of Trade and Commerce, and that position remained in that relationship until Mr. Wilson passed away. In 1936 or 1937 the present position of agricultural commissioner was set up and we sent a man to Britain. One of the reasons

for that is that under this service all the grading is done by the marketing branch here. All the activities related to grading farm products such as cheese, butter and hogs and everything else excepting grain comes under this marketing branch.

With regard to some of the comment that was made a few moments ago may I say that the greater part of the staffs who are in the marketing branch were in some of the branches of the department before. When the branches were rearranged to constitute the divisions many of those having to do with grading were there then; they are there now. Speaking from memory, I believe six representatives of the department were in the different ports in Britain. There was one in Liverpool, one in London, one in Glasgow and so on. These persons were all placed under the direction of the commissioner who was sent over there. These men, located at the different ports, checked the commodities that were sent over, checked the grade and the condition of the commodity when it arrived. These men all operate now under this commissioner and have done so ever since he was sent over in 1936 or 1937. During the war, of course, that work probably has not been as important as it was before, with this exception. We are able to keep a check on the great quantities of bacon, for example, that we are sending to Britain. While there is not so much emphasis on the actual grade of the bacon going over, or even on the grade of the cheese, still we get continuous reports in that connection and try to keep our products up to standard. That is the work being done at the present time.

Mr. PERLEY: The hon. member for Haldimand asked one of the questions I intended to ask, and the minister has partly answered it. I have in my hand the report of his department, and on page 116 reference is made to the fact that Colonel Robertson was appointed as successor to Doctor William Allen. It goes on to say that Colonel Robertson's duty is to maintain close supervision and inspection of the quality and condition of Canadian agricultural products arriving in Britain. I believe the minister should give us a more detailed report in connection with Colonel Robertson. How are these goods arriving; what disposition is being made of them, and so on? Only a line or two of this report is devoted to this matter. I also have before me a report which was tabled in the house with respect to the production, export and domestic disappearance of certain agricultural products such as beef, pork, butter, cheese, eggs, apples, wheat, oats, barley and so on, and giving a comparison as between 1939 and 1943. This table contains the reference to cheese mentioned by the minister a moment ago, showing an increase in production of 38,000,000 pounds as between those two years. It is also interesting to note that the domestic disappearance has remained fairly constant, the difference being only one per cent on the basis of the percentage of production, while exports have increased by more than 30,000,000 pounds. With respect to beef it is interesting to note that the production in 1939 amounted to 714,000,000 pounds, while in 1943 it jumped to 916,869,000 pounds. On the other hand the domestic disappearance of beef was seven per cent greater in 1943 than in 1939, while the situation is just the opposite in regard to pork. I suppose that results from the fact that more pork was exported. In 1939 we produced 679,968,000 pounds of pork, and in 1943 our production was 1,173,268,000 pounds. The percentage of exports jumped from 28·7 per cent in 1939 to 50·2 per cent in 1943. This is an interesting table, and I would ask the minister to give us a more detailed report from Colonel Robertson as to what is happening over there and what will be the effect on our future exports of agricultural products.

Mr. GARDINER: Of course it is not as easy now to get reports from the other side as it was before the war, and probably not as much can be gained from such reports, even though the amounts being shipped now are so much greater than those sent in peace time. Realizing, however, the necessity and importance of having such reports, we have sent for Colonel Robertson and I believe he is on his way back now. We want a complete review of the situation over there from him personally, in order that we may prepare for what will have to be done when the war ends. We have sent for him with that purpose in mind. At the moment I am afraid I have not a report from Colonel Robertson which would enable me to reply to what has been said.

Much of the information we have with regard to marketing over there does come from Colonel Robertson; and while I do not have a written report in regard to pork products I can say that we have exceeded our fondest hopes in connection with the marketing of pork products in Britain. Prior to the war, as I have said on former occasions, we hoped that we might get our exports to Britain up to something in the neighbourhood of 300,000,000 pounds a year, and that is what we were driving at. We were sending approximately that amount at the time war started. Last year, as hon. members know, we sent 675,000,000 pounds, and during the first six

months of this year we have sent 464,000,000 pounds. In other words, during the first six months of 1944 we have sent one and a half times as much as we had hoped to be able to send in the whole year before the war.

Mr. PERLEY: That is all meat products?

Mr. GARDINER: That is bacon and ham. At the time war started we had no hopes at all of being able to send any considerable quantity of beef to Britain. We sent from five or six thousand head of cattle a year to a high of thirty-eight thousand head, during the four or five years before the outbreak of war. In the early part of the war, as is indicated by the figures just quoted, we were attempting to send over the greatest possible quantities of two products, bacon and cheese, and we did decrease our domestic consumption of cheese some years by denying our own people any cheese during the summer months. For two years, I think it was, all the cheese produced during the summer months was delivered to Britain, and the only cheese available for consumption in Canada was that which we persuaded the cheese factories to make during the winter months.

As far as beef was concerned, during the first two years of the war we were selling all our surplus beef on the hoof to the United States. One year we sold in that market something like 200,000 head of cattle weighing 700 pounds or over. In 1942, however, as a result of taking so much pork off the market, we were eating all the beef available for consumption in Canada, and therefore discontinued shipping cattle to the United States. During 1943, as a result of our urgings and also as a result of the fact that the farmers knew they had a market, the production of cattle increased materially. However, as hon. members know, it takes from two to three years to bring about an increase in the production of cattle, and that increased production just began to come on the market in the late fall of 1943. As a result we have sent to Britain, according to the latest report I have, some 55,000,000 pounds of beef, practically all of which has gone over since January 1 of this year, although a few hundred thousand pounds were sent in the last two or three months of 1943. That 55,000,000 pounds of beef represents something like 120,000 or 130,000 head of cattle. A considerable part of it has been in the form of boneless beef, which I think weighs out at something like 375 or 385 pounds a head. The carcasses sent over frozen would weigh between 450 and 500 pounds. If that is figured out it will be found that now we are sending practiically as many cattle to Great Britain in the form of beef as we were sending to the United States and Britain combined just before the war. That beef is being shipped in frozen form. Before the war we did not ship any quantity of beef in any form other than on the hoof. Hon. members will recall that in each session before the war I was questioned with respect to experiments I was carrying on. We were selecting twenty-five head of what we called baby beef each week, and shipping it to the Smithfield market.

We took it from as far west as Saskatoon and Calgary, shipping it in refrigerated cars from there to the wharves at Montreal and Saint John. Then we shipped it to the Smithfield market. We were able to land it there in about ten days' time. In Great Britain, of course, they consider beef ten days old as fresh beef. They believe in hanging it for ten days, before consuming it as fresh beef. Under proper conditions we are able to get it over there under ten days, and sell it on the Smithfield market. Our experience was that that beef topped the market, continuously, during the period of time we were carrying on those experiments. They were brought to an end by the war. It was impossible to ship that type of beef after the war started, and we did not have a sufficient volume of it in any event to make it worth while sending it. It cost us money to try that experiment.

Mr. SENN: It was baby beef.

Mr. GARDINER: Yes. Now we have an opportunity to demonstrate to the British that we have beef in Canada that can be sold, and if we can set up a market for Canadian frozen beef there is the possibility that when the war is over we may have a market in Great Britain for that product. We are working on it at the present time and, as I told the house the other day, we have an agreement extending over 1944 and 1945 under which the British are prepared to take all the beef in this condition we can send to them. They are providing us with the shipping with which to take it over.

Mr. PERLEY: Could the minister give us an estimate of what he thinks they will take in 1944, under the new contract?

Mr. GARDINER: All I can say is that we have covered a little better than six months of the contract, up to date, and we have sent over 55,000,000 pounds. That is more than half of what we have contracted to send in two years; I mean the minimum amount we have contracted to send in two years. If the marketing continues at the same pace we

should send them about four times that amount, or somewhere in the neighbourhood of 200,000,000 pounds.

Mr. PERLEY: The report I have in my hand says that last year we sent 44,000,000 pounds.

Mr. GARDINER: Where to?

Mr. PERLEY: To Great Britain.

Mr. GARDINER: No. There would not be 44,000,000 pounds last year. There is something wrong with that figure. That could not be millions of pounds.

Mr. PERLEY: Yes; to be exact, it is 44,122,042 pounds. That is what the report says.

Mr. GARDINER: The amount shipped last year was 15,000,000 pounds to all countries.

Mr. SENN: Mr. Chairman, the minister told the house yesterday or the day before, and repeated it to-night, about the contract for beef entered into. I suppose, with the British ministry of food. Will he tell the committee whether that contract was negotiated through his department or through the Department of Trade and Commerce?

Mr. GARDINER: Through my department.

Mr. SENN: Was it negotiated in Great Briain, or in New York with the British food board?

Mr. GARDINER: It was really negotiated in Ottawa between representatives of the British food board who are in this city, and representatives of the Department of Agriculture. But there were communications back and forth before an agreement was finally reached.

Mr. SENN: The Department of Trade and Commerce did not enter into it at all?

Mr. GARDINER: The reason has been explained to the house before. I believe the Prime Minister on one occasion back in 1936 or 1937 stated clearly to the house the relationships existing between the Department of Trade and Commerce and the Department of Agriculture. He confined activities in connection with actual marketing in Canada to the Department of Agriculture. In all these contracts we deliver these products to the British at a Canadian port. In other words, all our bacon is delivered to the British at Saint John and Montreal—most of it at Saint John —and the British take the responsibility for it, from there on.

Of course that is not the condition in peace time. We are then under some responsibility to deliver the product in a certain form to Great Britain. But in this period of war the British take delivery of it at a port in our country, and from there on it is their product; it is not ours.

Mr. SENN: The point I am trying to arrive at is this. I am trying to find out, if possible, whether the Department of Agriculture, through its trade commissioner or some other official, is taking over negotiating for the marketing of Canadian farm products on the British market. I should like to know just what these boards have to do with the matter. They certainly have something to do with it. Does the Department of Trade and Commerce enter into the negotiations at all?

Mr. GARDINER: No; they are all carried out through—

Mr. SENN: Then that means that the Department of Agriculture has taken over the marketing of agricultural products in Great Britain, at least for the period of the war?

Mr. GARDINER: No; it means exactly what I said, that right from the beginning of the war we have negotiated contracts, one of the reasons being that the two things are closely associated, namely, greater production and the shipping of production to Great Britain, and the other being that which I have just mentioned, namely, that we are delivering to Great Britain in Canada. These contracts have been made. The first was for bacon under the bacon board. The second was for cheese, under the dairy board. And the beef contract is made under the bacon board, now called the meat board. The beef contract is negotiated through the food board, with the advice of the meat board.

Mr. SENN: What about wheat?

Mr. GARDINER: The wheat is all handled by the wheat board.

Mr. SENN: And that is under the Department of Trade and Commerce?

Mr. GARDINER: Yes; it is under the Department of Trade and Commerce.

Mr. TUSTIN: I was interested in the figures given a few minutes ago by the minister, when he went back to 1907. He gave us figures showing quantities of cheese exported from Canada to Great Britain, and the amount of cheese brought from New Zealand to Great Britain. In about thirty years those figures have almost reversed themselves. I believe there must have been some good reason for that, and I think the minister almost put his finger on the pulse of the trouble when he said that one could go down the Strand and see the products

of New Zealand and Australia advertised everywhere, but he could not see where the goods of Canada were advertised anywhere.

I remember being in London a few years ago; I may tell the committee that I searched all over the city of London to find Canadian goods, and the only place I saw the name of Canada was on Canada House. Yet we expect to maintain trade in a country, without even letting them know that there is a country such as Canada!

I walked down many of those streets and saw brilliantly lighted stores. One would see advertised in the windows of those stores, as far as the eye could reach, the products of Australia, New Zealand and South Africa. But there was no such thing as that, so far as Canada was concerned. I am glad to note that an agricultural commissioner has been sent to London; in my view that is a step in the right direction. May I say I do not think the minister should allow this country ever to slip back to where we were in the last number of years. We should not allow the buyers of cheese, or the commission houses, to buy cheese f.o.b. Montreal for the old country market. We should see to it that our cheese is put in London, and that there is always a supply of Canadian cheese on hand over there to supply the market.

The fact that we did not do that was the reason why we lost our cheese market in the old country a few years ago. The simple fact was that New Zealand had in London warehouses filled with cheese at all times. When a storekeeper or merchant wanted cheese he simply telephoned to the commission house or wholesaler, and a supply of New Zealand cheese was delivered to him. But on many, many occasions there was no such supply of Canadian cheese.

I remember well an experience I had in a large hotel in London. I was having my dinner. The menu was presented to me, and on it I saw "Canadian cheese". I went out of my way to say to the waiter, "Is this Canadian cheese?" "Yes, sir", was the reply. The cheese was brought in to me and was served very nicely. It was cut in long narrow slabs and wrapped in cellophane. I tasted the cheese and immediately called the waiter and said, "I thought I asked you for Canadian cheese". "That is Canadian cheese", he said. I said, "Send me the head waiter". The head waiter came and I said to him, "I asked for Canadian cheese which you are advertising on your menu, and this is what I got". He said, "That is Canadian cheese". I said, "Now I have a real complaint. Will you send in the manager". Presently the manager came in and I said, "You have Canadian cheese advertised on your menu. I asked your waiter if you had it and he told me that you had, and this is what I got. Then I sent for the head waiter and complained that this was not Canadian cheese. I tell you that I am a Canadian and I know that this is not Canadian cheese". The manager said, "No, this is New Zealand cheese". I said, "Why do you serve me New Zealand cheese when I asked for Canadian cheese?" and he replied, "We cannot get a supply of Canadian cheese in London at all times and we are forced to buy from the supply which is always with us".

It may seem to be a little premature, but I believe that now is the time, when we have got our exports of cheese into the British market up to around 200,000,000 pounds a year, when we should lay a foundation for the post-war period. I think we should arrange to have in London a warehouse full of Canadian products at all times, so that our trade commissioner there can furnish a supply whenever there is a demand for it. But if we go back to the conditions of the old days we shall find in a very few years that we have lost that market. There is no doubt that we can hold that market if we look after it properly. We have the quality. We make the best cheese that is made in this world; there is no argument about that. But we must see to it that the supply is there when the demand is made for our products. We must see to it that our products are properly graded and that nothing but the best grades are sent to the British market. If we do not do that we cannot expect to compete in the markets of the world. New Zealand cheese, for example, can be produced more cheaply than Canadian cheese. It may be that the government of Canada should take up a little of the spread in order to see that the market for our Canadian cheese is maintained. The same thing applies to bacon. I had the privilege of eating bacon three times each day for four days when I was in Denmark and, Mr. Chairman, I am not prepared as a Canadian to admit that Danish bacon is equal in quality to our first grade Canadian bacon. It is perhaps true that I was not furnished with the best grade bacon in Denmark, for the best grade of Danish bacon was sent to the British market. Just the reverse of that took place in the old days. We used to keep our first grade of bacon for consumption at home and send our inferior bacon to the British market, and then we wonder why we lost that market.

While, as I said a few moments ago, this may seem to be a little premature I believe that this is the time when our agriculture

commissioner in London should start to lay the foundation so that Canada will maintain her place in the British market when this war is over.

Mr. DIEFENBAKER: Does the special products board come under the minister's department and, in particular, is it comprised within the terms of marketing under this item?

Mr. GARDINER: The special products board comes under the war vote. We discussed it fully when the war vote was before the house about a month and a half ago.

Mr. DIEFENBAKER: It does not come under this?

Mr. GARDINER: No.

Mr. LOCKHART: I do not know whether my question comes under this item, but could the minister tell us what steps are being taken to market the new dehydrated products, all kinds of fruits and vegetables? Such of these products as have been sent to Great Britain have registered extremely well with the people over there. Would the minister make a statement on that.

Mr. GARDINER: That discussion would come under item 26. We shall have the information here then.

Mr. LOCKHART: All right.

Item agreed to.

Marketing service—
23. Agricultural economics, $105,056.

Mr. BRYCE: Is the minister in a position now to make a statement on the progress that is being made with the survey into the cost of producing milk on the prairies?

Mr. GARDINER: Two studies have been carried on in this field. The Alberta project is now in its fourth year and in the final stages of completion. This study is being carried on in cooperation with the Alberta department of agriculture, the public utility commissioner's office and the university of Alberta. Data have been collected in the Edmonton, Red Deer, Wetaskiwin, Calgary and Lethbridge districts. In the year 1941-42, among the Edmonton district wholemilk shippers, costs of production per pound of butterfat averaged 59·1 cents; receipts averaged 63 cents. In the Coaldale district, wholemilk shippers costs averaged 40·8 cents per pound, and receipts were 45·7 cents. In the Rosemary area, shippers of cheese milk had costs averaging 28·8 cents and receipts of 43·9 cents per pound.

In Manitoba a similar study is under way. Excellent cooperation has been established with the Manitoba department of agriculture and the farmers in the Winnipeg milkshed. It is anticipated that results of the first year's records will be available early in the new fiscal year.

Item agreed to.

Marketing service—
24. Dairy products, $388,988.

Mr. WRIGHT: Would the minister give us a statement with regard to the position of dairy butter in Canada; what the storage is; what the production has been over the past three months as compared with that of last year, and what the disappearance has been?

Mr. GARDINER: I have here a statement covering the months of January to May inclusive for each of the years 1938 to 1944, which I think will make a comparative statement as to the general position this year as compared with other years.

I do not think, as regards the stocks of creamery butter, I should attempt to give all the figures for each year; I will take 1939, the last year before the war, when on January 1 the stocks were 44,616,000 pounds; in 1942 they were 44,194,000 pounds, or approximately the same, and in 1944, 46,038,000 pounds. In the last year they are about two million pounds higher than in either of the other years, or one and one-half million pounds higher than in the first named year and almost two million pounds higher than they were in 1942. In 1943, the year we are likely to compare with this year when we are making comparisons, we had stocks of 23 million pounds on January 1. The figures in pounds by months for the last three years are:

	1942 Pounds	1943 Pounds	1944 Pounds
January 1....	44,194,000	23,052,000	46,038,000
February 1...	33,000,000	15,000,000	33,000,000
March 1.....	21,000,000	12,000,000	19,000,000
April 1.....	11,000,000	9,000,000	11,000,000
May 1.....	6,500,000	11,300,000	9,283,000

As to production, taking these same figures again—and I may say that if I went back to 1940 you would get about the same figures until you come down to totals:

	1942 Pounds	1943 Pounds	1944 Pounds
January 1....	10,718,000	13,149,000	11,037,000
February 1...	9,000,000	11,900,000	10,900,000
March 1.....	11,700,000	15,500,000	14,000,000
April 1.....	16,800,000	23,000,000	19,800,000

The important factors there are these, that stocks are lower in 1943 until you get down to the month of May than they were in either 1942 or 1944. The production was higher in

1943 than it was in either of the other years, with the result that you get these increased stocks at the first of May, 1943.

And now so far as domestic disappearance is concerned:

	1942 Pounds	1943 Pounds	1944 Pounds
January 1....	21,000,000	21,000,000	23,900,000
February 1...	20,000,000	14,000,000	23,800,000
March 1.....	22,200,000	17,900,000	22,500,000
April 1.....	21,500,000	21,600,000	21,600,000

That pretty well gives the position.

Mr. WRIGHT: What is the reason for the decrease of consumption in 1943 as compared with 1942?

Mr. GARDINER: That is when the rationing restrictions were put on.

Mr. HATFIELD: What are the figures of the exports of butter in those years?

Mr. GARDINER: There were no exports of butter during those particular years, with the exception of last year when we sent about seven million pounds to Britain. There will be some slight exports across the United States boundary line which do not amount to very much—just in localities.

Mr. SENN: When this item was up last year there was some discussion about paying that subsidy on dairy butter. It is paid on the factory butter but not, I understand, on dairy butter. I hold in my hand a copy of the report of the standing committee on agriculture and colonization of last year. One of the recommendations they made with respect to the marketing of farm products is, "That consideration be given to paying a bonus on marketed dairy butter." The minister's figures this evening are fairly large; they indicate quite a substantial production of dairy butter. Has any consideration been given or any plan worked out whereby those who make dairy butter would receive a bonus of some ten cents a pound butterfat which producers of the other butter are receiving?

Mr. GARDINER: I think it will be recalled by hon. members that a year ago we had a discussion of this particular matter. At the moment I do not remember the exact figures, but there had been considerable talk about difficulties in handling dairy butter. Provision was made to handle it, but we found very little of it available; indeed I must say that I have not heard anything about dairy butter since we discussed it here last time, which would indicate that there is not much interest taken in it through the country.

Mr. TUSTIN: The minister will remember that under the war appropriation bill I brought up a certain situation with regard to milk being sent to cheese factories and being frozen in the factories, and it could not be taken out of the cheese factory and shipped to any other point. I sent the minister a schedule showing the difference between three cheese factories and a condensery plant. At that time I was able to show that there was a difference of almost two hundred dollars per year in the returns from a herd of eleven cows paid to a man sending to a condensery plant and to a man sending to a certain cheese factory.

I have also in the past urged the minister to give consideration to the control of all milk used for processing, and I have contended that the same price should be paid for all processing milk and that this milk should be sent to the point at which it is most urgently needed. Last year of course we all realized that it was necessary to have the milk going to the cheese factories in order to manufacture and ship the amount of cheese we had agreed to send to the old country. But late last fall many cheese factories in the country decided to remain open in the winter months and in many cases it has been the habit of farmers to ship their milk to cheese factories in the summer and to ship to the condensery plant in the fall and winter months because of the difference in price; and of course in the past there has been very little market for milk in cheese factories. I would ask the minister whether he has given consideration to the suggestions I have offered to him in the past, and whether it will be the policy of the agricultural food board, which controls this matter, to keep milk frozen in cheese factories this winter if the cheese factories decide to remain open, or whether the producer will have the privilege of taking his milk from the cheese factory late in the fall and sending it wherever he decides.

Mr. REID: What do they do in the condensery?

Mr. TUSTIN: Condense it, or it goes into powdered milk.

Mr. GARDINER: The position of course was pretty well set out in the subsidies arranged in the spring. We arranged to pay higher subsidies for certain kinds of milk for use in the winter months as against the summer. We did not pay higher subsidies on milk going into cheese in winter as compared with the summer.

Mr. TUSTIN: But you increased condensery milk fifteen cents a hundred.

Mr. GARDINER: I am coming to that. That indicated our policy. We want all the milk put into cheese we can possibly get into it in the summer months, and we are paying as high a subsidy on milk going into cheese in the summer as in the winter. On the milk that goes into canning we are paying just double as much, thirty cents in the winter as against fifteen cents in the summer, which would indicate that if we are to have canned milk we want it in the winter as much as possible, and we want milk to go into cheese as much as possible in the summer. If the cheese factories close in the winter time we shall probably not urge them very much to keep open, and milk that was previously going to cheese factories will go to canning factories.

Mr. TUSTIN: It will make it that much worse this winter if the cheese factories decide to keep open, for the simple reason that the bonus being paid to the condensery plant will be fifteen cents a hundred more than that paid to the cheese factory, and there will be all the more reason for the farmer to want to send milk to the condensery in the winter months. The question I asked was this. After the summer season of cheese production is over, if the factory decides to remain open in the winter will the producer still have to ship his milk to the cheese factory; will he still be frozen there in the winter as he was last winter, or will he have the privilege of shipping to some other point?

Mr. GARDINER: I would not like to say in advance what will happen in connection with any particular cheese factory. It will depend on the demand for cheese at that time both in Britain and here, but generally the policy which was indicated when the subsidies were set was this. We have thirty cents a hundred on milk going into cheese, and this winter it is only twenty cents, which indicates that we are not so anxious to have milk go into cheese this winter as last winter. On the other hand we have paid twenty cents on milk going into cheese this summer as against nothing a year ago. We are more anxious to have milk go into cheese in the summer months this year than did go into cheese a year ago, but we are less anxious to have milk go into cheese in the winter months this year than last year.

Mr. TUSTIN: I do not know whether I am making myself quite clear—

Mr. GARDINER: You are making yourself clear, but I will not say anything as to whether in any particular plant we shall not ask them to make cheese next winter if they stay open.

Mr. TUSTIN: But the point is this. The spread will be fifteen cents a hundred greater in the winter months going into the condensery than into the cheese factories—fifteen cents more than it is at the present time. The point I want the minister to answer is this. With the spread increased fifteen cents a hundred, is the farmer who is unfortunate enough to be shipping to a cheese factory and who is frozen there, being unable to ship anywhere else, to be compelled in the face of the greater spread in price to send his milk to the cheese factory in the winter while his neighbour is able to get fifty or sixty cents more for his milk by sending it to the condensery plant? The spread will be increased instead of being reduced during the winter months.

Mr. GARDINER: I am suggesting that we are not very likely to be compelling people to put milk into cheese factories in the winter, but I will not say that in no case will that be done.

Mr. TUSTIN: That is what happened last winter.

Mr. GARDINER: It depends on the circumstances.

Mr. TUSTIN: You did it last winter.

Mr. GARDINER: We were short of cheese last winter. We hope to get it in the summer time this year.

Mr. PERLEY: Does the minister propose increasing the bonus to milk producers in Saskatchewan which was taken off last May? It was reduced fifteen cents a hundred or so. Will it be increased, and will that apply again?

Mr. GARDINER: The bonus on milk was announced last spring for the whole year. On fluid milk it was twenty-five cents a hundred from May 1 to September 30, and fifty-five cents a hundred except in certain districts where it has been previously established at twenty-five cents. That was the position a year ago—cheese nothing and thirty cents; butter, eight and ten cents; for the coming year it is thirty-five cents a hundred for fluid milk in the summer months and fifty-five cents in the winter except in certain districts where it was continued at twenty-five cents, and those are set right across the country. Cheese milk is twenty cents a hundred throughout the year. The subsidy on butter fat is ten cents in the summer and ten cents in the winter. On concentrated milk the subsidy is fifteen cents a hundred in the summer and thirty cents in the winter. That is the same right across the country; it does not matter whether it is in the east or the west.

Mr. LOCKHART: Has the minister a tabulation for fluid milk production for the last couple of years?

Mr. GARDINER: Does the hon. member want fluid milk as distinct from milk that goes into cheese and butter?

Mr. LOCKHART: If the minister has it segregated.

Mr. GARDINER: I am afraid I have not it here.

Mr. LOCKHART: You would not have it separate from cheese, butter production and condensed milk?

Mr. GARDINER: I have seen the figures indicating the amount of milk that would be required to cover all production of cheese plus butter, plus fluid milk, plus canned milk, and then the fluid milk by itself, but I am afraid I have not it here and I could not make a guess on it; it is very difficult.

Mr. LOCKHART: Could we not have it without too much trouble?

Mr. GARDINER: If you put a question on the order paper I shall get it made up and put on *Hansard*.

Item agreed to.

Marketing service—

25. Subsidies for cold storage warehouses under the Cold Storage Act, and grants, in the amounts detailed in the estimates, $97,142.

Mr. BRYCE: How does this subsidy work? Is it available to cooperatives or only to the big cold storage warehouses?

Mr. GARDINER: The subsidies are made available to any kind of organization that applies for it and meets the conditions of the law. The subsidies have been available for many years. I have forgotten the year when they were put on, but I think it was in 1922 or 1923. The act provides that anyone who wishes to build a cold storage plant, provided that it is going to make a reasonable percentage of the plant available to the general public, may apply for assistance and the government will undertake to pay thirty per cent of the cost, half of the thirty per cent the first year and the other half spread over four years. Cash payments are made to cover thirty per cent of the cost of putting up the cold storage, and the money is available to any kind of organization that desires to build cold storages, including cooperatives.

Mr. BRYCE: What are the interest charges?

Mr. GARDINER: The act was passed in 1907, much earlier than I thought.

Mr. BRYCE: What interest is charged on the money lent by the government?

[Mr. Lockhart.]

Mr. GARDINER: It is actual cash payments.

Mr. BRYCE: What percentage must be made available to the public?

Mr. GARDINER: It is different in different places. It must be a public cold storage, a cold storage in which the public can place products. It may be apple growers in some places; it may be people who want to put in meat or eggs or anything they desire to place in a cold storage. The organization have to make reports to the government and satisfy the government that they are allowing the public reasonable space.

Mr. HATFIELD: Has the government any control over the rates?

Mr. GARDINER: Yes; there is control over the rates.

Mr. HATFIELD: Are there two cold storages in Winnipeg?

Mr. GARDINER: Yes; two large ones, I think.

Mr. HATFIELD: Owned by the same company?

Mr. GARDINER: There are three cold storages in Winnipeg. There is the Winnipeg cold storage, the Manitoba cold storage and the North Star.

Mr. FRASER (Peterborough West): What was the total amount paid to the Trenton cold storage? There is nothing for this year, but they were paid a certain amount last year and then paid supplementary amounts.

Mr. GARDINER: The amount voted for the Trenton cold storage in 1943-44 was $23,123.40.

Mr. FRASER (Peterborough West): What is the total that has been paid to the Trenton cold storage since the beginning?

Mr. GARDINER: Is not that the one that did not start to take advantage of the subsidy until last year?

Mr. FRASER (Peterborough West): No; they had it before that.

Mr. GARDINER: The act was passed much earlier than that but I am not sure that they took advantage of it.

Mr. FRASER (Peterborough West): They had it in 1940, 1941, 1942, 1943, and perhaps before that.

Mr. GARDINER: There have been two of these cold storages. There was the original one to which I think the hon. member is referring. Recently they asked for an increase

in the capacity and for grants on the increased capacity. I think that started just this year; the $23,000 I have just read is, I think, a payment in the second.

Mr. FRASER (Peterborough West): For 1943?

Mr. GARDINER: Yes.

Mr. HATFIELD: What is the amount paid to the Moncton cold storage up to date?

Mr. GARDINER: That is a new one, the Moncton Cold and General Storage Limited, of Moncton, New Brunswick, $18,837.75.

Mr. WRIGHT: Must a percentage of the storage be made available in the form of individual lockers where individuals can store their products, or must it be bulk storage?

Mr. GARDINER: It is both ways, as a matter of fact. By far the greater part of it is in the form of bulk storage. I do not think all the storages have the locker system, but with regard to those that have the locker system fifteen per cent is the amount that must be supplied.

Mr. STOKES: Are all the cheese factories in Ontario and Quebec now equipped with cold storage facilities?

Mr. GARDINER: I wish the hon. member would leave that until we get to the cheese and cheese factories in item 32. I shall have the information here then. I have not it at the moment.

Item agreed to.

Marketing service—

26. Fruit, vegetable, and maple products and honey, including grant of $5,000 to Canadian horticultural council, $540,700.

Mr. LOCKHART: May I have the information I was asking for?

Mr. GARDINER: There are thirteen dehydration plants across Canada for vegetables, and then we have some dehydration being carried on in apples in Nova Scotia, the maritime provinces, and in British Columbia; but the thirteen plants are dehydrating in vegetables some 6·7 thousand dried tons of dehydrated products which are going to Britain. I do not think anyone can estimate the amount that will be going after the war is over. There are differences of opinion with regard to that. Some claim that dehydration of certain products will take the place of shipments in the fresh form; others claim that we shall go back to the shipment in the fresh form. I do not think anyone can finally determine what will take place when the war is over.

Mr. LOCKHART: What has been the minister's experience in connection with what has been sent to Britain already? Does it appear that there will be a large demand?

Mr. GARDINER: Up to date it has all gone to the armed forces, and of course from that we cannot judge what the British may think of it when the war is over. Vegetables can be produced quite easily in Britain and elsewhere, and we may find some difficulty in marketing the dehydrated product.

Mr. LOCKHART: What we have sent over may have gone to the armed forces, but I know that at least a few sample tins have gone to civilians, with very happy results. I am just wondering whether any such reaction has come to the attention of the minister. I know the people over there are extremely interested in the possibility of getting these things. This affects our apple crop, for instance. A number of these small tins of dehydrated apples which sell at nineteen or twenty-one cents have reached civilians in Britain, and I have had practically love letters from them asking if there was any hope of getting more. They were enthusiastic about this product.

Mr. GARDINER: I was referring to dehydrated vegetables. There is no doubt that dehydrated apples have met with considerable success in the markets they have reached. We have sent over a very considerable quantity for civilian use.

Mr. LOCKHART: Any other fruits?

Mr. GARDINER: No other fruits are going over in any quantity. Vegetables and apples are the only two products being dehydrated.

Mr. HATFIELD: I should like to point out to the minister that the price of new domestic potatoes on the Montreal market this morning was $1 per seventy-five pound bag, which is well below the cost of production, and I am told that the price will go to eighty cents tomorrow. New potatoes are selling on the Toronto market at $1.25 a bag, which is also below the cost of production. Market conditions are just the opposite to those which prevailed at this time last year, and I was wondering if any assistance could be given to producers of new potatoes. We all know that the yield of new potatoes is only about half that of mature potatoes, and the cost of production is very much higher.

Item agreed to.

Marketing service—
27. Live stock and live stock products, $572,007.

Mr. REID: Is this the item under which the minister wanted me to discuss the matter of poultry and eggs?

Mr. GARDINER: Yes.

Mr. REID: We have increased our flocks of poultry in British Columbia very considerably, and the latest information I have is that the eggs are beginning to accumulate so that last week, in any event, storage space was at a premium. The producers are perturbed. Those who specialize in poultry—and British Columbia is a province which does specialize in poultry—are wondering if steps are being taken looking to the continuation of the market for poultry products, particularly eggs, following the cessation of hostilities. Great quantities of eggs in dried form have gone from Canada to Great Britain, which has provided a good market for our poultry producers. However, it has also brought many new men into the poultry industry, as well as encouraged those already in it to increase their flocks. You can talk all you like about a new era, a new philosophy or a new government, but I believe the Canadian people have about reached the limit in their consumption of eggs. We are the greatest egg eaters in the world, per capita, and if we are looking for markets in order that our poultry industry may continue there is no use in talking about what may be done here by some new government in some new era. Markets will have to be found for the surplus. We in British Columbia want to know whether steps are being taken looking to a continuation of the present market, because it is my belief and the belief of the poultrymen of my province that following the cessation of hostilities eggs will no longer go forward in powdered form. Anyone who has ever tasted a powdered egg will never eat another one if he can get a fresh egg. Has any thought or study been given to the matter by the minister or the departmental officials, and is the minister in a position to make any statement which would encourage the poultry producers to look for a continuance of the present market for at least another year or two?

Mr. GARDINER: For the last few years our egg exports have been as follows:

	Dozen
1939	1,274,000
1940	10,979,000
1941	16,276,000
1942	29,289,000

The contract for 1943 was for 36,000,000 dozen, and the new contract for 1944 is for 75,000,000 dozen. These figures indicate the truth of the statement of the hon. member for New Westminster that there has been a marked increase in the production of eggs and their export to Great Britain. It is true that in the early part of the war we exported these eggs in the shell, but now they are being exported as dehydrated eggs, or egg powder.

Mr. SENN: Are they for the army or for civilians?

Mr. GARDINER: They are being marketed both to civilians and to the army. They are put up in cases for distribution over there. As far as the future is concerned, of course we are trying in every possible way to assure the British market for our products. If dehydrated eggs are to go to Britain after the war, then I understand that our product holds a very high place on that market. It is accepted by the British people as a good product. If fresh eggs are to go, then of course by properly grading our eggs we can put them on that market in as good condition as any other eggs sent there. The question of whether or not we are to be able to supply the market will depend upon the supplies that can be obtained elsewhere and the cost. We hope to be able to supply that market, and are doing everything possible to satisfy the British that we can supply it with a good product.

Mr. REID: Have discussions been carried on with the British authorities?

Mr. GARDINER: Discussions are going forward all the time in connection with all these products, and we are attempting to make contracts that will carry us as far forward as possible. At present the contract is for two years, which may or may not take us beyond the war. We hope to be able to keep these contracts negotiated for at least a year in advance of the current year. I do not think there will be much difficulty in doing that but there may be difficulty in getting contracts for longer than two years.

Mr. SENN: Would the minister say whether the price realized for powdered eggs in Britain to-day is on a level with the price of fresh eggs in Canada? Can you buy fresh eggs here, powder them, send them over there and realize your cost, or is the government losing money under present circumstances?

Mr. GARDINER: The board price is 35½ cents a dozen at Montreal. We buy eggs for that market at that price. They may go higher on this market.

Mr. SENN: Does the price you realize for powdered eggs in Great Britain justify your paying that price here?

Mr. GARDINER: Yes; it is based upon that particular price. That price is based upon what we get in Great Britain.

Mr. REID: Is the price the same throughout the twelve months of the year?

Mr. GARDINER: Yes, throughout the year. There is no subsidy paid with regard to eggs.

Mr. TUSTIN: How many eggs have we been able to furnish Great Britain so far this year?

Mr. GARDINER: For the last year it was 36,000,000 dozen, and in the present year we are contracting for 75,000,000 dozen.

Mr. TUSTIN: How far have we progressed in connection with furnishing the 75,000,000 dozen?

Mr. GARDINER: We believe we shall be able to fill the contract this year.

Mr. WRIGHT: Last week the minister tabled a new agreement with Great Britain with respect to beef for 1944 and 1945. If I remember correctly, he said that under that agreement the floor price for red and blue label beef would be twenty-five cents under the present ceiling price. Is this price a guaranteed price to the packers, or is it a guaranteed price to the producers? What I mean is this: Will the producer be able to ship beef to the board, and the board take it over at the packing plant, kill that beef and have it credited, and the producer be paid on the basis of the grade, or is it just a guarantee to the packer that for any beef which he has within those grades he will receive twenty-five cents under the present ceiling price? I want to know how the government proposes to see that a fair price is carried back to the farmer?

Mr. GARDINER: It is exactly the same kind of agreement as we have with regard to hogs. We have not gone into the slaughtering business, and I do not think we intend to do so. We are buying the beef at any plant that can freeze it. It is not only a case of slaughtering it, the beef has to be frozen, and we buy the beef at the plant where it can be frozen, and have it shipped to Great Britain. The price we pay for that beef is twenty-five cents below the ceiling at the present time, and continues there until we have purchased the very considerable amounts mentioned.

The result of that is that a floor can be figured on what cattle would sell at, at different points across Canada. In relation to that the department will do just what we have done in connection with hogs. We will keep a check at all times on what is being paid on those markets. So far as hogs are concerned, we have had no reason to complain up to date, although we have been carrying on now for four or five years in connection with these contracts.

We think we shall have the same experience in connection with beef. As a matter of fact, cattle have been selling recently at above what would be called the price when beef is related to twenty-five cents below ceiling.

Mr. BRYCE: Is that the thin end of the wedge for the rail grading of beef?

Mr. GARDINER: It is not the thin end of the wedge for the rail grading of beef. That is not the intention of it at all, and probably it may not result in that. But I would say this, that in connection with the rail grading of beef, I doubt very much if anyone would undertake it until such time as the farmers are pretty well satisfied that they should have it. That has been the practice.

Mr. BRYCE: That is what you said about hogs.

Mr. GARDINER: A large percentage were asking for it, before they got it in connection with hogs. Probably that is not true around Winnipeg, but in most other places it was.

Mr. HATFIELD: Will there be a board set up this session to supervise the floor prices of agricultural products?

Mr. GARDINER: I have a bill which has passed the department, and which is now before some others who have to look into these matters. I expect it to be completed in a day or two.

Mr. HATFIELD: Will potatoes be included in that bill?

Mr. GARDINER: There will be the possibility of any farm product being included in it, as it is now drafted.

Mr. HATFIELD: I hope so.

Mr. REID: The minister said that the meat board had found that so far as pork was concerned this ceiling price had worked out satisfactorily. I can agree with him on that. However, in connection with beef it has not worked out so satisfactorily. There has been greater variation in the price of beef to the consumer than there has been in the price of pork.

The minister said that his department was prepared to keep an eye on prices, and to see that prices of beef do not vary too widely, in accordance with floor prices. What action does the minister propose to take if the price

should drop below the floor, as it has on several occasions in the past two years? At those times the government have not taken any action; they have simply let the thing drag until it righted itself. The beef producers have at times accepted prices which were considerably below the floor.

Mr. GARDINER: As a matter of fact we discussed this whole question when the war estimates were before the committee. On that occasion, after some considerable discussion with the hon. member for Lethbridge, who is not in his seat to-night, I stated to him that I did not think conditions existing in the last two years could be righted until such time as we had an agreement similar to the one I announced the other day.

The reason why there was more variation in prices was that we did not have an agreement of this kind, and we did not have a floor of the kind this agreement provides. The floor last year was a varying floor, and anticipated or made necessary varying prices. It started out at a quarter of a cent below the ceiling, and on August 20 or 27, I believe it was, dropped half a cent. Then it ran along for another month or so at that level, and dropped again. Finally, after three drops it went down to two and a quarter cents below the ceiling. Then, in the middle of December it started to rise again, and came up three-quarters of a cent. It then ran along until February, I believe it was, and came up another three-quarters of a cent. Then, finally, on May 27 it came up to the quarter of a cent below the ceiling again.

In other words, it was argued by people interested in the feeder lot handling of cattle that we should have a lower price in the fall, so that they could buy their cattle low, put them in feeder lots and sell them higher in the spring. We argued that that was not the proper way to handle cattle in war time, and that we should have a flat floor throughout the season. We said that we should have a floor on blue and red which would be fairly close to the ceiling, a floor on cows which would be a little farther away from the ceiling, and a floor on unfinished cattle which could be taken in and fed. Those would be plain cattle and other cattle which were not really fit for market, which could be taken in and fed up to the other grades, and sold when they were properly prepared for market.

That is provided for in this agreement. There is a flat floor on red and blue brand beef. There is a flat floor on cow beef, and a flat floor on plain and commercial grades below the cow beef standard. The result is

that we think there will not be variation, just as there is not variation in hogs under this contract.

Mr. BRYCE: What will you do when the heavy run comes along in the fall, when there are all kinds of cattle from which to pick and choose? When you have a heavy run on the market you can pick out the good steers, and put them into blue and red beef. But if you take over a half-finished animal, where can you put him?

Mr. GARDINER: If you have a half-finished animal you can sell it as a feeder.

Mr. BRYCE: The packers will outbid you on that animal, and will take it and bone it. The man who is going to feed the steer will need that spread.

Mr. GARDINER: We have sufficient spread, if it is the kind of animal my hon. friend is talking about. If it is an animal which is not properly fed or is not finished for the market, then of course both the packers and other people can buy it at wider spread than they can buy finished beef. We shall be in the market all the time for finished beef. We shall take all the finished beef that can be frozen and sent to Britain at any season of the year. That is the difference between conditions now and in peace time. In peace time when a rush of cattle came on the market in the fall there was no market for a certain percentage of them. As a result, feeders came and bought the cattle at one cent below the actual cattle price, based on beef, and they fed these cattle until they reached the red and blue class and then sold them at the beginning of the year as red and blue label beef. At the present time we can guarantee a market for all the finished beef, and there is only one difficulty in the way, but I must admit that it is a real difficulty. We must be able to get it through the plants that can freeze it. We have huge deliveries of hogs just as we have huge deliveries of cattle in the fall of the year, and there may be some difficulties unless the farmers will assist us by distributing their marketings over as long a period as possible rather than rushing them on to the market all at one time. We are hopeful that we shall be able to persuade them to assist us in the way I have suggested.

Mr. BRYCE: Are you going to have somebody on the market to buy these cattle in competition with the packers?

Mr. GARDINER: No; we are not buying cattle but beef, just as we are not buying hogs but bacon and ham.

Mr. SENN: You are buying only the two grades of beef?

Mr. GARDINER: No; we will buy cow beef as well.

Mr. BRYCE: I thought the minister said he was going to protect the market.

Mr. GARDINER: Certainly.

Mr. BRYCE: If the farmer does not get the price he wants he turns his cattle over to the abattoir where they are dressed on a rail-grade basis and then the government buys them. That is the way you protect the farmer.

Mr. GARDINER: I have not any brief for the packing plants, but I have not found them as crooked as some people think they are in our dealings with them. I quite agree that the packing plants want to make some money. Most people do. I find that even the C.C.F. when they are talking, usually talk about money, whether they can make enough to get by on. I have no doubt that the packing plants desire to make some money. On the other hand, we have found in our dealings with them during the war period that we have been able to maintain a flat price, or as near to a flat price as one can obtain under any system, from one end of the year to the other for hogs through the fact that we have made a deal with Britain under which we sell the surplus product to them and get delivery from the packing plants of the bacon. We have figured out the relationship between the price at which we sell to Britain and the price which the packing plants pay for the hogs; and we have been satisfied, as I believe the farmers themselves doing the marketing have been satisfied, that they are getting the best returns possible from their hogs in relation to the price at which the bacon and ham are sold.

We are satisfied that the same thing will happen in connection with beef. We are offering to buy not only the red and blue beef but cow beef at all times at a price which is three-quarters of a cent below the ceiling. We are also offering to buy the beef from the canners and the cutters and that which is put into boneless beef at one cent and a quarter under the ceiling. We will buy that at all times unless somebody else is prepared to pay more for it. The only way in which the trade will get that beef is to pay more than we are prepared to pay for it. If any packer does not pay enough for the cattle, some other packer will compete with him and the competition will go on between them. They can establish a proper price level for all the cattle that the farmers deliver on that market.

We are hopeful that the farmers will cooperate in this. It is much better for the farmers to keep cattle that are not properly fed back in the farming districts rather than send them into Winnipeg, where feeders near Winnipeg will take them out, feed them up and then put them back on the market. We think it is better for the farmers to keep their cattle back in the farming districts until they are finished. That will help in handling the cattle both in the stockyards and through the plants in the rush seasons of the year.

Mr. FAIR: I was very glad to hear the minister make the announcement that he did on Friday last, but I am sorry that the farmer or producer is not protected. As I have said before, a year ago, before the agriculture committee we were given to understand that protection would be given to the farmer, but so far I do not see anything of that kind being done because prices paid by the packers are not always what they should be. Under this programme the packer is guaranteed his price and his profits; but the farmer, when he brings his cattle on the market, is still at the mercy of the packer. The farmers are not organized as the packers are. I realize that that is the fault of the farmers themselves. For that reason the announcement of the minister is very much in favour of the packers. I should be very glad to see the government go on the market and buy live cattle rather than allow prices to go down to where they have gone on several occasions in past years. If what I suggest were done, instead of it being left to the packers to set the prices, the farmers would be guaranteed something worth while under the announcement made by the minister.

Mr. SENN: I have just one comment to make. I was surprised to hear the minister state that the government was prepared to buy not only red and blue label beef but also cows and other unfinished cattle which were perhaps not of good conformation. We have been trying our best to provide the best bacon possible for the British market because we want to keep up the reputation of our bacon in England. I am afraid that if we start shipping inferior quality of beef to that market we are going to lose the market which we might otherwise gain and keep. I was sorry to hear the minister state that he is prepared to buy poor quality beef and even boneless and send it to Britain, because everyone knows that the poorer qualities of cattle will not produce the first-rate beef which the Britisher enjoys. A beef type of animal of good conformation puts his flesh on the parts where the high price cuts come from; but the poorer

qualities, some of our dairy cattle, do not do that, and the beef is naturally not as good. I hope that the minister will reconsider and not send too much poor quality beef into the British market.

Mr. FRASER (Peterborough West): The minister made a statement in answering the hon. member for Selkirk on which I wish he would elaborate. He said, "I have not found packing plants quite as crooked as some people think they are." What did he mean by "quite as crooked"?

Mr. GARDINER: I did not say quite as crooked. I said that I did not find them crooked as some people think they are.

Mr. MacNICOL: I am glad to hear the minister qualify his statement.

Item agreed to.

Marketing service—

28. Marketing of agricultural products, including temporary appointments that may be required to be made, notwithstanding anything contained in the Civil Service Act, the amount available for such appointments not to exceed $15,000, $25,000.

Mr. HATFIELD: Is wheat starch being manufactured in western Canada?

Mr. GARDINER: I do not think so except perhaps in very small quantities.

Mr. HATFIELD: I understood that some milling company at Fort William had turned one of its flour mills into a wheat starch factory.

Mr. GARDINER: I have not heard of it, but it may be so.

Mr. FRASER (Peterborough West): Is anything being done to help the man or boy who wishes to learn the cheese business? Does the government help them at all? I know that at the present time Ontario is very short of cheese-makers. Just to-day I had a letter from a cheese-maker saying that he was very short of help and unable even to get tires for his car to take down and have fixed the milk cans which came in. I took the matter up with the controller and perhaps something will be done. I know these people are short of help. Is anything being done?

Mr. GARDINER: I do not know that anything is being done other than what is done under regulations in connection with selective service, which gives some of them an opportunity of having postponements.

Item agreed to.

Special—

29. Prairie Farm Rehabilitation Act and water storage, $2,000,000.

[Mr. Senn.]

Mr. MacNICOL: On one or two former occasions I intimated that I should like to say a word or two in reference to this vote when it came before the committee, because in the last couple of years I have had the pleasure and profit of examining a goodly portion of the work which has been done by the prairie farm rehabilitation board. I am glad to say that to my mind one of the best pieces of legislation passed through this house at any time—I have no notion at the moment, by which government—was the legislation which pertains to the prairie farm rehabilitation board. Last summer I looked over quite a number of the dugouts which have been made by the board, one or two of the very small irrigation projects, and a number of stock-watering dams. The board deserves unstinted praise for the work it has achieved. I am not passing any comment upon the cost; I am speaking only about the work which has been done, to which I just referred. The last figures I could obtain are as of 1943, and show that altogether in 1943 alone there have been completed over a thousand projects, divided into three divisions, dugouts, stock-watering dams and small irrigation projects. When the minister replies to what I have to say I should like him to tell us whether the department plans to quadruple or increase by five, six, eight or ten times the amount of this vote as soon as it can possibly do so. As a business man I cannot figure why the vote has not been larger and larger every year; the results obtained from what has been done have been so splendid. They are self-liquidating projects, and since they have achieved a great deal, why not greatly multiply the vote?

I found the board's work in two of the provinces. I did not see any of it in Manitoba, because I was not in the southwest part of the province, where I believe they have control. In Saskatchewan they have done good work and have planned more good work, but I should like to know from the minister why any delay has occurred in carrying out the plans which the prairie farm rehabilitation board have made for southern Alberta. Every dollar spent in carrying out the projects planned for southern Alberta would be self-liquidating and give ample returns. I believe the board have prepared plans for building a dam on the St. Mary river at Spring Coulee. Why not bring in a vote and proceed with it? The minister knows better than any other hon. member that unless the dam at Spring Coulee is proceeded with we stand in jeopardy of losing our allotted flow from the St. Mary river. We cannot forever let it run to waste when our cousins to the south can use it. Therefore I should like the minister, at some

time, not now but at some later session if he is then in control of the department, to bring in a vote to provide for the building of a dam at Spring Coulee on the St. Mary river, so that southern Alberta can obtain the water for much needed irrigation works.

I cannot understand why the vote now being asked for is so small. Two million dollars will not go very far, and if you examine the table on page 69 of the estimates you will observe that the money is distributed under quite a number of headings, such as salaries and wages, cost of living bonus, equipment—I assume that "equipment" refers to machinery and so forth to be used by men working under the prairie farm administration board—freight, express and cartage, miscellaneous, printing and stationery, rents, telephones, telegrams and postage, travelling expenses. The only money I see which is directly allocated to building works is $621,000 under the heading "buildings and lands"; perhaps also $113,000 under "supplies and materials." Together they amount to only $734,000. I should like the minister to tell the committee why, when the results have been so splendid, a much larger amount is not asked for.

Is any of this vote to be used in connection with the water requirements of Regina? I noticed in the paper a few days ago, as probably the minister also did, a statement by the city superintendent of waterworks, Mr. J. W. D. Farrell, in which he tells in a few words the situation. He pointed out that they obtained their water from three sources—Mound springs, Mallory springs, and Boggy creek—and stated that the capacity of those three sources of supply amount to five and one-half million gallons a day. The population of Regina at present is around sixty thousand. Including the immediate suburbs, part of which are comprised, I believe, in the constituency of the hon. member for Qu'Appelle, I do not think I shall be far out in surmising that Regina has to supply approximately sixty-five thousand people with water. That provides for a comparatively small gallonage per capita for a city of that size. Perhaps a year or more ago we had a fire in Toronto, not a fire of any particular size, at Lyons' Furniture company's store on Yonge street.

It took 750,000 gallons of water to subdue that fire, and it was only a medium one. What would Regina do if it required 750,000 gallons to put out a fire? And it might have three or four fires of that extent. I appeal to the minister not to be afraid to give that city and the adjacent city of Moose Jaw fair play. I am afraid he is too timid, too humble in asking for fair play for his province, asking for that to which it is entitled. It would be a disaster if the waterworks of Regina were called upon to put up a million and a half or two million gallons in one day to subdue a fire, and that would not be a particularly large fire. Are we fair in placing that city in jeopardy like that, particularly when we have the engineers under the prairie farm rehabilitation board to assist. I will not cover what I said before, but knowing from investigation the position in those cities from the point of view of water supply I once again ask the minister to press for whatever sized vote is necessary to provide adequate protection for those two cities.

In Toronto I have seen water mains burst, and I have no doubt other hon. members here have been in that city when some water mains have given way. The hon. member for York South is likely familiar with the bursting of a large water main that goes up Bathurst street. What causes such things is a weakness in the water main. Well, what would happen in Regina if during a fire of any magnitude, a twelve, or fifteen or twenty-inch water main burst? The amount of water that would be lost from that main before the situation could be got under control might mean disaster. A few days ago the minister read the statement of the superintendent of the Regina water department in which it is pointed out that their maximum apparently is 5,500,000 gallons a day, when a city of that size, using the same amount of water per person as is used in Ottawa, would require over 7,000,000 gallons a day without any allowance for extra demand for great fires. I am sure the minister would have the support of the house as well as the country if he asked for whatever amount might be required to ensure that the capital of his own province as well as the adjacent city of Moose Jaw be given that protection which is their right. The people of the country placed that capital where it is and they started its growth and the growth of the other city, but neither of those centres can properly develop under these circumstances. Regina has a population of 60,000 whereas it should have from 80,000 to 100,000. If it were guaranteed a water supply I am sure its industry would expand. The industry that I was in for many years, the radiator and boiler industry, requires a great deal of water. Could anyone start such an industry in Regina or Moose Jaw? It is an industry that consumes a large volume of water. If I wanted to start such a plant in Regina one of my first acts would be to visit the city hall to ascertain how much water I could have, how many thousand gallons per

day; but what would they tell me, when they are now delivering per capita so much less than eastern cities?

I do not wish to labour the subject, but I suggest that the minister is not putting enough emphasis on the water situation in those two cities. Again I say he is too humble, not vigorous enough in this matter, although he has plenty of vigour when he gets his dander up. I want to see him get his dander up. I want him to get his back up and ask for whatever is fair in order to place those two cities in a satisfactory position of defence against what I hope will never happen but what might happen. The matter comes under this vote, and if it does, then $2,000,000 is a mere bagatelle. The minister should ask for $20,000,000. It would create business. He need not ask for it all in one year, but he should ask for sufficient to make an adequate start in order to give those western cities and the adjacent municipalities a chance to go forward and provide a defence against any possible contingency.

Mr. PERLEY: This is an important item, and I notice there is no increase this year. The hon. member for Davenport (Mr. MacNicol) has pleaded with the minister to consider assistance for the city of Regina, and I presume he includes Moose Jaw. Recently the hon. member has received a telegram from the mayors of those cities asking him to bring the matter to the attention, I presume, of the Minister of Agriculture or some other member of the government, and asking also that he solicit the support of the hon. member for Regina City (Mr. McNiven) and the hon. member for Moose Jaw (Mr. Ross).

Mr. MacNICOL: I would rather have the minister's support.

Mr. PERLEY: I happened to see a copy of the telegram askng him to try to get their support for a project of this kind, and he has brought it to-night forcibly to the attention of the minister. The hon. gentleman has spoken many times in this house on matters pertaining to water power and development, water supply and other projects in Saskatchewan, and he has made a point of touring the district in the last two or three years, so that he knows the situation as well as any hon. member coming from that province does. We all appreciate his efforts, and there is no doubt about it that, from reading the press, the people of Saskatchewan and Alberta appreciate the interest the hon. member has taken in these matters. The bill setting up this branch of the department was passed in 1934.

Mr. GARDINER: It was 1935.

[Mr. MacNicol.]

Mr. PERLEY: This is the eighth year of the operation of the act.

Mr. GARDINER: The date is April 17, 1935.

Mr. PERLEY: At any rate, the idea was to provide a water supply to certain parts of Saskatchewan and the west. Since that time and under the direction of the present minister this department has developed and taken on many other projects of one kind and another. I notice from the report that there are four or five cultural activities, water developments, small individual projects, community projects and larger projects. Then there is land utilization and land settlement. The hon. member who has just spoken referred to some of them. I notice that large water projects to the number of fifty-eight were provided for in the irrigation scheme. The minister should explain the different branches of this work of water development. For instance, he should deal with community pastures and give us a detailed statement with respect to each one, what they did last year and what they proposed to do this year.

I notice that on page 69 of the estimates there is a column on the Prairie Farm Rehabilitation Act and water storage, but there is no list of the employees such as there is in the other branches of the department. You can get a detailed statement of the employees this year and last year for the other branches of the department, but there is no list of the employees of these projects. Reviewing the details of the item we find that three items alone, salaries, wages, cost of living bonus and other payments including travelling expenses amount to $1,012,000. These three items alone amount to more than half of the total vote. I think the minister should give us a list of the employees and inspectors in each one of those branches or projects that I have mentioned. He should tell us whether the employees have increased in numbers this year. He should give us the total number of employees and whether there has been an increase in the last six months, and, if so, in what way. I have covered four or five of the different projects undertaken at one time instead of taking each one individually. I think the minister should give us a more detailed statement than we have in the estimate or in the report on last year's work.

Mr. EDWARDS: While the minister is looking up the information for the hon. member for Qu'Appelle, may I say that I for one have listened with the greatest interest to what the hon. member for Davenport had

to say with regard to water in the cities of Moose Jaw and Regina. I should like to remind the hon. member that we have an abundant supply of most excellent water in my home city.

Mr. MacNICOL: I know that.

Mr. EDWARDS: In addition to that we have so far an unlimited supply of natural gas and coal. All this goes to show our most advantageous position for the manufacture of radiators. I should like here and now to extend the most cordial invitation to my hon. friend and to his associates to come to my home city of Calgary and establish a radiator plant there.

Mr. MacNICOL: It is a fine city, none better anywhere.

Mr. GARDINER: In answer to the latter part of the suggestions made by the hon. member for Qu'Appelle I would call his attention to the fact that on or about February 28, 1944, I answered a question asked by Mr. Douglas of Weyburn, giving the names and addresses of the fieldmen in Saskatchewan. The question was made an order for return, and I do not think he would expect me to go over it again. It can be looked up under that date. I have them here in my hand. There is a long list of them.

Mr. PERLEY: Is there any increase in the last two months?

Mr. GARDINER: Just the engineers that are taken on for the season. We make up our engineering staffs that go out with some rod men and others who are necessary to the making up of those engineering staffs to do the inspection work.

On the question of the vote, the vote is $2,000,000. I would, of course, call the attention of the hon. member for Davenport to the fact that when I came to Ottawa the limitation on that vote was $1,000,000 a year. It was a vote of $4,750,000 which was to be expended as follows: not more than $750,000 the first year and not more than $1,000,000 a year in the succeeding years. As the act then stood it came to an end at the end of five years. It was an act for the purpose of taking care of what was looked upon as a temporary condition brought about by drought, and was to be utilized for that purpose. When I came to Ottawa I insisted that this was a job which would take at least twenty years and could not be done in less time than that no matter how much money was provided, and that no system under which you provided only $1,000,000 a year could possibly take care of it.

Mr. MacNICOL: Could you not ask for more?

Mr. GARDINER: I did ask for more. As a matter of fact, the first year I had quite a time in getting the bill through this house, largely because of opposition coming from directly opposite; but I asked to have the vote under the bill enlarged and made so that I could spend any amount of money that I could persuade the house to vote for me in any session. I finally got it through. As a matter of fact I had to bring it back the second time before I could get it through the house in the form desired. I did not get it entirely changed the first year. I managed to get the amount out the first year, I think, or the dates out, or vice versa. But I had to come back the second time in order to get it enlarged to the extent it is now. As a result of those activities we got the amount increased year by year, until finally in 1938-39 it was up to $3,500,000, but the second $500,000 was voted only on condition that it was expended on some particular project, one of them being the project that had to do with supplying water to Moose Jaw and another in the form of supplying stationary water at Saskatoon. But it took considerable discussion in the house to get those votes agreed to. In two years before the war we got up to $3,500,000. It was cut by a quarter of a million in the year before the war, that is 1939-40, the reason being that about half of the amount of money that was set up for conservation of water supply in those larger projects was not voted in the second year; only the amount that had not been expended in the preceding year was allowed in the second year. When the war started that vote was cut. In 1939-40 it was cut to $3,250,000; in 1940-41 it was cut to $2,500,000; in 1941-42, we retained the same amount. In 1942-43 it was cut to $2,000,000, and in 1943-44, it was $2,000,000, making a total of $19,684,-420.69. But I repeat that even now it is twice as large as could possibly be spent under the act as it stood when I came to Ottawa in 1935. I say that in order to impress upon the committee that this act was set up for the purpose of doing a particular job. When it was set up by the previous government in 1935 it had no relationship whatsoever to problems such as that which confronts the cities of Regina and Moose Jaw.

It was only after getting a special vote of something like $500,000 in the first instance and another $100,000 later on, that we were able to do anything in connection with the Moose Jaw situation; and it will be noted that this was taken care of by the special phraseology of the item put in the year in

which the extra $500,000 was included. That is, the only authority we have for spending that money is contained in the wording of the vote itself. It is not in the act, and never was in it. So that there is no provision under this act for doing the sort of thing that has been suggested. That does not mean that kind of thing should not be done, but some change would have to be made in the legislation as it was then drafted and as it remains to-day in order to take care of the cost of the project suggested. In addition, in regard to matters like the Milk river project and another project which has been discussed by the hon. member for Davenport on previous occasions, namely the irrigation project up in the neighbourhood of Hanna and extending down from lake Sullivan—

Mr. MacNICOL: Out from Taber toward Medicine Hat.

Mr. GARDINER: The project proposed up near Hanna involves taking water out of one river, siphoning it under another and filling up Sullivan lake, which is not really a lake at all as a rule but just a great flat which is dry most of the time, having water in it only occasionally. That was known originally as the Pearce project, but since then it has been looked into on a much smaller scale than the original Pearce project. We have done engineering work in connection with both those projects and have reports on our files relating to them. Then we have done further investigational work in connection with the project near Medicine Hat, upon which we have very full reports. It is the declared intention of the reports that have been made, and of any comments that have been issued in regard to those reports during the last two sessions, that they are projects which should be given consideration following the war, as rehabilitation measures and projects in which manpower may be employed for a very considerable period of time.

Of course those projects will involve very considerable expenditures of money. This $20,000,000 proposed by the hon. member for Davenport would not touch them. Those projects would involve the expenditure of at least $111,000,000, taking them all into consideration. Such projects as that at Milk river, which may cost from $12,000,000 to $20,000,000, depending upon what you do, and the Regina-Moose Jaw project, which may cost another $20,000,000 or $25,000,000, I believe are in addition to the $111,000,000 I mentioned a moment ago. As I recall it, they would not be included in that figure. This will give some idea of the amount of money involved in all these matters, and what will be required to bring them to completion. I think it is quite proper that hon. members as well as ministers of the government and others should be considering the possibility of developing some of those projects at the end of the war. I think it is a good thing to discuss them in this house from time to time, because they have great possibilities, not only in connection with the employment they will afford in their construction, which after all is not the most important thing, but in connection with the number of people who will be able to maintain themselves in that area for all time to come; in other words, the people who will give themselves employment by taking up land which to-day cannot be occupied, building homes and making their living.

All these matters have been under consideration, and we have spent some of this money in order to put engineers at work on them to develop information that will be available to anyone who at some future time may desire to enter upon the construction of any of those works. In connection with some of them we have fairly complete information which certainly would make it possible for any minister in any government, provincial or federal, to sit down and consider what might be done toward developing a particular work. It is true that there are certain administration costs under this item, which amount to $105,000. The amount allotted for cultural experiments and research is $375,000; for land utilization, $525,000, and for water development and storage, $995,000, making a total of $2,000,000.

The suggestion was made that the $621,000 shown for buildings and lands, on page 69 of the estimates, would be practically all that would be involved in these works; but the greater part of the money covered by the first two items under this vote, $391,745 and $326,041, making a total of approximately $717,000, is accounted for by work carried on by engineers and employees of the department. That is, we put up the fences around the pastures. We employ foremen to do the work, and they employ men in the neighbourhood to build the fences and do the cultural work in relation to the pastures, place water upon them and so on. Many other things are done, such as re-grassing lands in order to stop blowing. That work is done by local men under the instruction of experts from the experimental farms. Work of that kind comes under the $717,000 shown in those two items to which I referred a moment ago. Headquarters administration amounts to $105,000 out of a total of $2,000,000. The remainder of

the money is used to send out engineering parties that do the actual work of surveying on the ground, laying out projects, or in the employment of people to carry on the actual work in that connection, or in paying contractors who do work in connection with the building of dams, the digging of ditches for irrigation and other associated work.

The hon. member for Qu'Appelle has suggested that I might indicate what use is made of this money and how it is divided up. I think that may be done best by saying that the first item is $105,000 for headquarters administration. This covers salaries and expenses of administrative staffs at Ottawa and Regina; the expenses of advisory committee meetings, and economic and entomological surveys. The next item, $375,000, covers cultural experiments in research, including cooperative assistance to the prairie provinces in soil survey research, assistance to agricultural improvement associations, soil moisture and soil drifting conservation projects, grazing surveys and publication of experimental data. The next item is for $525,000—

Mr. PERLEY: What page is the minister quoting from?

Mr. GARDINER: I am not quoting from any page of the estimates; I am taking this information out of a book I have here.

Mr. PERLEY: It is rather hard to follow when we do not have it before us.

Mr. GARDINER: I am putting on *Hansard* this explanation of the expenditures.

Mr. PERLEY: These are the expenditures making up the $2,000,000?

Mr. GARDINER: Yes. The next item is $525,000 for land utilization, including the acquisition of land for all projects, what might be called purchases, whether for pastures, for irrigation projects or for land that will be flooded after dams are built; construction, management and operation of community pastures, and reserve grazing areas; management and operation of irrigation projects, and re-establishment of farmers. That is, we encourage farmers to leave submarginal lands, and to go on better lands. That is what is known as a resettlement plan. Under this item we assist farmers in moving from submarginal to other lands. The final item is $995,000 for water development. That includes the construction of many projects such as dugouts, stock watering dams and flood irrigation schemes on both farming and range lands. It includes the construction of large storage and irrigation projects, and water development surveys.

As I said a moment ago, these are surveys we are making in connection with the Milk river, and in connection with the project at Medicine Hat, and other projects in the vicinity of Hanna. Those come under this item having to do with water development and survey. Those are the items on which the money is expended.

Mr. PERLEY: The minister has now given a break-down of the $2,000,000, showing the cost in connection with community pastures, land settlement and so on. When he takes the four items of salaries, wages, travelling expenses and supplies and materials, totalling $1,120,000, does he think that is a fair proportion of the total amount spent on the project? Salaries, wages and travelling expenses total a huge amount.

Mr. GARDINER: Wages are paid on the actual work. For example, this item of $621,000 covers very much the same thing as the $717,000 farther up on the list, with the exception that some salaries are included in the upper item. But those salaries would be a very small proportion of the total $717,000. The hon. member will notice that there is an item there of $326,000 for wages. That is taken up in the construction of such works as pastures, for example. A foreman goes out and hires farmers living in a community to go on the job and build a fence around, for instance, 50,000 acres of land. In some cases it would be 100,000 acres of land. Those fences are constructed and then, in addition to that, they provide water supplies. It may be a matter of putting up a windmill, or it may be a matter of digging dugouts, or it may be a matter of putting in dams. However, it would be something necessary to the conservation of a water supply for the watering of stock on the pastures.

That is all included in wages, but it is all actual work being done for the purpose of carrying out the intentions of the act. One could go through the different items, and say that is what happens in connection with them. Expenditures are not made only on the hiring of people to go round the country to run up expense accounts. There are a certain number who have to have expense accounts, but they are not the big items.

Mr. PERLEY: What number of dugouts have been supplied this year since April 1? Also, what number of survey parties have been working during the summer?

Mr. GARDINER: There were 1,307 built last year, with the same vote we have this year, and over 1,400 the year before. I am informed that the vote was practically exhausted by the middle of July, and that

means there would be a similar number constructed this year. The same was adopted last year as was adopted this year, and my information is that they would be out of money by the middle of the month. We were asked to supply them with another $30,000, which we obtained by taking it out of some other item in the vote, and transferring it to that item.

Mr. MacNICOL: Did the minister say there were 1,400 last year?

Mr. GARDINER: 1,307 last year and over 1,400 the year before.

Mr. MacNICOL: The figures sent me showed 1,004.

Mr. BLACK (Cumberland): I was surprised to hear the minister say that he had difficulty in getting some of his estimates for prairie farm rehabilitation through, because of opposition from this part of the house.

Mr. GARDINER: That was some years ago, before you came.

Mr. BLACK (Cumberland): Since I have been here I have commended the work being done under this vote. That also applies to the hearings before the committee on rehabilitation and reconstruction. I heard only two criticisms with respect to the matter, and one of them was that the amount of overhead was unduly high. The minister has explained that it is not fifty per cent. The fact is, however, that the details show some very large overhead expenditures. For instance, there are travelling expenses amounting to $185,260 and another item of $22,000 for printing and stationery. Those appear fairly high. That is one criticism which has been made.

The other criticism is that a similar vote has not been made applicable to eastern Canada. This act was first passed in 1935. Grants were made, and have been made every year since then. This year we now have another vote of $2,000,000 before the committee. I understand the total appropriations have amounted to about $20,000,000. Perhaps the minister would give us the exact figure.

My complaint is that we have not had like expenditures in Nova Scotia and New Brunswick at the head of the bay of Fundy, as I have pointed out repeatedly since 1940. We have greater need for expenditures of this kind, namely expenditures for reclaiming, restoring and draining marsh lands, than have the people in the west. In the east we would be protecting and draining lands which had previously been in a good state of cultivation, while in the west the expenditures, which I approve, are being made for improvements which were never before enjoyed.

The minister told us this morning, when we were dealing with beef cattle herds and experimental farms, that he expected to have a supplementary estimate in order that work on the marsh lands might be carried on. I am sorry we have not had a statement from the minister informing us just what that appropriation will be to improve the marsh lands in the east.

I do not wish to delay the committee by going into this matter again, but it appears to me remarkable that large expenditures should be made for the west, year after year, with the general approval of the committee; yet despite the greater need in the east there have been no appropriations for our marshlands in the east.

Again I express my appreciation to the minister and his officials for the recommendation they have made. I understand that recommendations have been made in the last two years to the treasury board for an estimate of $250,000 or $300,000, and that those estimates were not approved. I hope that the minister will have greater success this year, and that this or a larger amount will be approved.

The minister has pointed out that prairie farm rehabilitation in the west is a long-term project. I believe he said it would take a twenty year programme. That length of time should not be required to reclaim these marsh lands in the east; but at least five years will be required, perhaps longer. That shows how necessary it is that the appropriation be made now, and some of the work started at once.

The minister pointed out earlier to-day that it was the purpose of the department to make experiments with special machinery adapted to the handling of marsh mud. That is very necessary. To-day that work cannot be done except by machinery, and it is essential that special machinery be devised for the handling of marsh mud. I look forward with much interest to the appropriation that will be made when the supplementary estimates come down, to deal with the needs of the marsh lands.

Mr. QUELCH: Last year a report was tabled in the house dealing with a number of recent surveys made in connection with the William Pearce project. This report referred to a number of schemes under the heading of 1 and 2, A and B power development schemes. The report also dealt with an old survey that was made back in 1922. I understand that a number of engineers are working around Buffalo lake to-day. Can the minister say in

connection with what scheme these engineers are working? Are they completing an existing survey or surveying for a new scheme?

Mr. GARDINER: It is part of the old scheme. We are trying to bring the information up to date as near as we can covering a large part of the project.

Mr. QUELCH: Are they making a detailed survey to complete the old scheme?

Mr. GARDINER: They are going into detail so far as the construction part is concerned, but they are not covering large areas of land for ditching and so forth. But for the main projects they are going right into detail.

Mr. QUELCH: There has been a certain amount of controversy regarding the diversion of water from the North Saskatchewan river. This spring I received a letter from Mr. E. K. Phillips, dealing in part with this question, and making certain recommendations. I quote from his letter:

> Whether the potential irrigable lands in Saskatchewan are irrigated from an extension of canals taking water from the streams in Alberta or whether they are irrigated by means of diversions in Saskatchewan, some 2,000,000 acre feet of water is required from the North Saskatchewan and Clearwater rivers and since such a diversion does not adversely affect conditions on the North Saskatchewan river, there should be no opposition to the proposed diversion.
>
> The fact that opposition has developed would indicate that the proposed development of the Saskatchewan drainage basin is not properly understood and would show the necessity of a board of engineers to properly advise the governments as to the most economical use of the streams.

Is anything being done in regard to the appointment of a board of engineers in order that this kind of friction will not develop in the future? I have received several resolutions from boards of trade urging that a board of engineers representing the three prairie provinces be appointed for the purpose of advising on the best possible use of these waters.

Mr. GARDINER: We have authority under the act to make surveys of that kind, and we have the best engineers we can find. As a matter of fact, very recently the Alberta government offered our chief engineer enough to take him away from us. I imagine that they are going to use his services on similar work in Alberta. I think the engineers we have on the work are doing just as good a job as any board of engineers could do.

Mr. QUELCH: I do not think that is the point. What is wanted is a board of engineers representing the three provinces to decide on the allocation of the waters as between the provinces so as to avoid any charges on the part of Saskatchewan, let us say, that Alberta is getting more than its share of the water, and similarly with the other provinces. Perhaps I had better read a resolution I have received which was adopted by the Craigmyle board of trade:

> Whereas it is desirable that the federal government should continue and intensify the survey being made under the direction of P.F.R.A. officials to determine western Canada's irrigation and power development possibilities;
>
> And whereas it is necessary that there should be some organization charged with the duty of assembling such data as may be necessary to determine the feasibility of the projects and their economic practicability;
>
> Therefore be it resolved that the Craigmyle and district board of trade request the federal Department of Mines and Natural Resources to set up an interprovincial water board or commission for the prairie provinces, whose duty it would be, among others, to assemble all the available stream flow data of western rivers and establish such new stations as may be required to get a complete record of the river discharge throughout the whole western drainage area, and to determine the most feasible and economical water power and irrigation projects that would make the best use of all the available drainage water, with the object of advising the various governments concerned of the possibilities of the area;
>
> Be it further resolved that the personnel of such board include a representative from each of the three prairie provinces, Alberta, Saskatchewan and Manitoba.

The idea is to avoid friction that might otherwise develop between the provinces over one province getting more than its share of the water.

Mr. GARDINER: There would have to be a board of that kind. The information we are gathering will be available to such a board if construction were to start.

Mr. QUELCH: The sooner the board is established, the better because otherwise the hopes of one province might be unduly raised as to the amount of water it might get, and then the board might say later that it was not entitled to that much water. That would lead to an unpleasant situation.

Mr. BLACK (Cumberland): What have been the total expenditures under the P.F.R.A. from 1935 down to the present, plus the $2,000,000 in this vote?

Mr. GARDINER: The total expenditure so far has been $18,088,525.84.

Mr. BLACK (Cumberland): And this vote of $2,000,000 is to be added to that?

Mr. GARDINER: Yes.

Mr. ROSS (St. Paul's): When the war estimates were up I asked the minister what

research was being done in connection with chemurgy. We in the cities are very much interested. There are other uses for farm crops besides eating them. First, I should like to say that this $2,000,000 is a very small amount of money for the purpose of this vote, farm rehabilitation. It looks to me as if the thing is being done by pieces and that a great deal of money is being wasted. I think we can accomplish a great deal more by undertaking a real big project, as was suggested by my colleague the hon. member for Davenport. I notice that in the estimates of the Minister of Trade and Commerce there is an item of $325,000 for research in connection with the utilization of farm crops. It is most important that the national research council and the Department of Agriculture should work together in close harmony, because most of the work that is proposed to be done is being done for one purpose, namely, the growing of wheat, barley, oats and other crops. But for what other purposes can the crops on these lands be utilized besides eating them?

Mr. GARDINER: I think the hon. member is discussing the estimates of the Minister of Trade and Commerce. There is no item of that kind in my estimates.

Item stands.

Progress reported.

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

Wednesday, July 19, 1944

The house met at eleven o'clock.

PRIVILEGE—MR. JAQUES

REFERENCE TO STATEMENT OF MR. COLDWELL IN ALBERTA ON JULY 18

Mr. NORMAN JAQUES (Wetaskiwin): My attention has been called to an item in to-day's paper as follows:

> The incident occurred when Mr. Coldwell, main speaker of the meeting, said that Norman Jaques, Social Credit member for Wetaskiwin in the House of Commons, declared in the house recently that the finance of Canada was controlled by Jews.

I am not apologizing for or retracting anything that I have said in this house or on the public platform outside this house, but I will challenge the hon. member for Rosetown-Biggar (Mr. Coldwell) to show where I have ever made such a statement. What I have said is that international finance is under Jewish control. Now I will go further and say it is evident that the C.C.F. intend to make that control national and are using the strong arm of their gestapo to enforce their control.

Mr. CASSELMAN: C.C.F. storm troopers called in.

WAYS AND MEANS

INCOME WAR TAX ACT

The house in committee of ways and means, Mr. Bradette in the chair.

The CHAIRMAN: The committee is on resolution 27.

> 27. That dividends paid by a wholly-owned subsidiary non-resident company to a Canadian parent company be exempt from tax when received by such parent company.

Mr. KNOWLES: Will the parliamentary assistant indicate what amount of taxes will be forgone by the adoption of this resolution?

Mr. D. C. ABBOTT (Parliamentary Assistant to the Minister of Finance): We have no information which would show the amount of taxes forgone, as the hon. gentleman puts it. As the committee will appreciate, the purpose of the proposed amendment is to avoid triple taxation. The situation now with respect to a wholly-owned subsidiary in Canada is that the dividends to the parent company are exempt because they have already been taxed in the hands of the subsidiary. In other words, company to company dividends are exempt from tax to avoid double taxation. As the law stands at present, if a foreign subsidiary is taxed in the foreign country, say the United States or some other, at rates comparable to those in force in Canada, those profits in effect will be subject to triple taxation because they will be taxed in the foreign country, they will be taxed again in the hands of the parent company in Canada, and they will be taxed once more and distributed to the shareholders. If the tax rates in the foreign country are lower than the Canadian tax rates then there would be some benefit in a complete tax exemption on dividends received from a foreign subsidiary company, and that of course is not the intention of this resolution. In order to guard against the possibility of that situation I am going to ask one of the ministers to move an amended resolution which will in effect provide for a tax credit covering the amount of tax paid in the foreign country by such wholly-owned subsidiary of a Canadian corporation. On that basis there will be no tax advantage to the parent. The Canadian parent company would be in the same tax situation as though it were an individual carrying on business in the two countries and subject to tax in the foreign country.

Mr. HANSON (York-Sunbury): In the case of a wholly-owned subsidiary of a Canadian company operating under a Canadian charter in a foreign country, what would be the position (a) under the law as it stands at present and (b) under the proposed change? What is meant by "non-resident"? Would that be a non-resident company?

Mr. ABBOTT: I must apologize; there was so much noise I could not get my hon. friend's point clearly. A wholly owned subsidiary resident abroad is not now subject to payment of Canadian income tax at all; but if it brings the dividends into Canada they are taxable income in the hands of the parent company.

Mr. HANSON (York-Sunbury): I understand that, but what is meant by "resident abroad"? The case I gave is that of a company which is a subsidiary company but is operating under a Canadian charter; that is to say the capital structure is set up under the Canadian Companies Act, but it operates in the United States. Is that a non-resident company within the meaning of this resolution?

Mr. ABBOTT: The question of residence is a question of fact. The case my hon. friend cited may be a company which comes under section 4(k) of the Income War Tax Act. Brazilian Traction is an example of that kind of company. It is incorporated in Canada but its business and assets are situated entirely outside Canada, and it operates outside of Canada.

Mr. HANSON (York-Sunbury): Exactly, but that is not a subsidiary.

Mr. ABBOTT: No, it is not a subsidiary.

Mr. HANSON (York-Sunbury): I do not mind giving the name of the company. Fraser Companies Limited is a Canadian corporation with subsidiaries. A wholly owned subsidiary, Fraser Paper Limited, is incorporated under a New Brunswick charter, but all of its assets are situated across the Saint John river in the state of Maine, where its whole undertaking is carried on. What will be the position of that company with respect to the provisions of resolution 27? It depends on the meaning you give to the words "resident" or "non-resident." Is it a non-resident company?

Mr. ABBOTT: I think the position of that company would be this. It is a Canadian company carrying on business abroad. As such it is entitled to take credit for any taxes which it is obliged to pay to the foreign jurisdiction, and therefore it is not a company which needs the protection of this proposed resolution because it will have already received credit for the foreign taxes in its own Canadian tax returns. This resolution contemplates a wholly owned subsidiary of a Canadian company which is incorporated and operates abroad and is therefore not a Canadian taxpayer and is not in a position to take credit as a Canadian taxpayer is for taxes which have been paid in a foreign jurisdiction, although in fact all the equity of the company is owned by a Canadian taxpayer.

Mr. HANSON (York-Sunbury): I think that explains the situation, but I want clarification of what is meant by "non-resident company." A company has not a residence but it has a legal domicile. The legal domicile of the example I gave is in Canada, but the operations are in the United States. Perhaps it would be better if it were made clear in the legislation what a resident company means and what a non-resident company means.

Mr. ABBOTT: Consideration can be given to that in drafting the legislation. As my hon. friend knows, there is a long line of cases which lay down what the residence of a company is for taxation purposes.

Mr. HANSON (York-Sunbury): Are not the words "legal domicile" used?

Mr. ABBOTT: No, a company has residence for taxation purposes.

Mr. HANSON (York-Sunbury): In the statute?

Mr. ABBOTT: Yes.

The CHAIRMAN: Moved by Mr. Gibson that resolution 27 of the resolutions to amend the Income War Tax Act be deleted and the following substituted therefor:

27. That the provision permitting a taxpayer to deduct from tax the amount paid to any foreign country for income tax in respect of income of the taxpayer from sources therein be amended to permit a Canadian parent company to deduct from tax the amount paid to a foreign country by a wholly-owned subsidiary company with respect to that portion of the profits of the subsidiary company which are deemed to be paid by way of dividends to the Canadian parent company in any taxation year, dividends being presumed to be paid by the subsidiary company from profits most recently earned.

Mr. ADAMSON: We ought to understand this resolution before it carries. The Brazilian Traction company has been specifically referred to. It is composed of a number of subsidiary companies. There is the São Paulo Tramway, Light and Power Company, the Rio de Janeiro Tramways Company, the Brazilian Telephone Company, the Brazilian Hydro-

Electric Company, and others. All these are subsidiary companies incorporated in Brazil and form the Brazilian Traction Company which is the holding company. The Brazilian Traction Company derives its whole revenue from these other subsidiary companies. Their dividends are the sole source of revenue of the Brazilian Traction Company and their taxes are at the rate of forty per cent, or whatever the corporation rate is. As the Brazilian Traction Company pays that money out to its individual shareholders it is again taxed. Is this resolution intended to overcome the double rate of income tax on subsidiary companies?

Mr. ABBOTT: This resolution has nothing to do with a situation such as that of the Brazilian Traction Company. I do not wish to go into a long dissertation on income tax, but it happens that Brazilian Traction is a company which is exempt from the payment of Canadian income tax under section 4(k) of the Income War Tax Act, which is a section entirely different from the one we are considering; therefore this provision does not affect the situation of the Brazilian Traction Company. I underestand that the Brazilian Traction Company as a company is not a Canadian income tax payer because it is exempt under section 4(k) of the Income War Tax Act.

Mr. HANSON (York-Sunbury): Because its returns are all from foreign companies?

Mr. ABBOTT: Its business and assets are outside Canada.

Mr. HANSON (York-Sunbury): I do not wish to hold up this resolution because the preliminary statement of the parliamentary assistant indicates that it is intended to correct what I consider to be a wrong, namely, the possibility of triple taxation. I confess that on reading the original resolution and comparing it with the redrafted resolution I am not able to grasp immediately the significance of the section. I should like a little time to study it. However, if that should not be permitted will the parliamentary assistant tell us the effect again because I could not follow him when he gave it the first time. He will observe that this is a completely new resolution.

Mr. ABBOTT: It is new in form only. The original resolution provided that all income received from a wholly-owned non-resident subsidiary by a Canadian taxpaying company would be exempt from income tax in the hands of the company.

Mr. HANSON (York-Sunbury): I agree with that.

[Mr. Adamson.]

Mr. ABBOTT: That is sound, provided that the taxes imposed on the foreign subsidiary in the foreign country are as high as or higher than the Canadian rates of tax; but if the subsidiary happened to operate in a country where there were no income or excess profits tax, or if the tax rates were substantially lower than the Canadian rates, then there would be an advantage over the Canadian subsidiary company. Therefore it is felt that this section should give the same protection that is given to an individual who earns income abroad and is subject to tax there; namely, that he may deduct from his Canadian tax liability the amount of tax he has had to pay abroad, provided that tax is not at a higher rate than the Canadian tax. That is what the amended resolution will now provide. When the bill is before the house hon. members will have an opportunity to see whether it is clear on that point, but I hope I have indicated the purpose of the amendment. I think it is fair, and fully protects the position of the Canadian tax structure.

Mr. HANSON (York-Sunbury): That is to say, they are to be treated on a basis of equality. What is the reason for the addition of the last clause, "dividends being presumed to be paid by the subsidiary company from profits most recently earned"? That was not covered in the hon. gentleman's explanation. Dividends may be paid out of the most recently earned profits, or they may be paid out of surplus or in any other legal way.

Mr. ABBOTT: That is in order to determine what effective rate of tax those dividends actually paid in the foreign country.

Mr. HANSON (York-Sunbury): In the United States.

Mr. ABBOTT: Or any other country.

Mr. HANSON (York-Sunbury): That will be made clear in the bill, I presume?

Mr. ABBOTT: Yes, it will.

Mr. KNOWLES: I feel that the amendment which has been proposed in an improvement on the original resolution, so it may be that my protest the other evening was not in vain. However, it does strike me that further thought might be given to the matter, and I still feel that it would be of value to us to have figures such as I suggested earlier. The question that arises in my mind as I look over the amended resolution is this. Are these deductions, since they are in lump sum amounts, going to achieve the purpose when the parliamentary assistant tries to make a comparison between income tax rates in Can-

ada and income tax rates in another country? It seems to me it might be possible for this lump sum deduction in lieu of taxes paid in another country to put a company out of line as far as the actual rates are concerned. The minister said the intention of this amendment was to make sure that no company would obtain any undue advantage through a lesser tax rate in another country. It strikes me that this phase of the matter might be looked into more thoroughly. Another point I would like to suggest is this. The parliamentary assistant defends this proposal to provide some relief in taxation to companies of this class on the ground that they are now subject to triple taxation and therefore deserve some relief. Just to call it triple taxation does not settle the case; I still feel we should have the figures. As a matter of fact earlier in the budget debate, when the Minister of Finance felt that he had caught the critic of the official opposition proposing the elimination of double taxation, he launched into quite an attack upon that position, and rightly so, saying that now, in time of war, was not the time to make any such change.

Mr. ABBOTT: That is another principle, of course.

Mr. KNOWLES: The principle the minister was proposing was that in time of war unnecessary relief of that kind should not be provided. These companies have been getting along all right. I quoted a particular example the other night, namely the aluminum interests. They are getting along quite well, piling up profits in their Canadian balance sheet despite existing taxation, so that I do not feel that the parliamentary assistant has a case here, unless he will give us the figures to show what it amounts to.

Mr. ABBOTT: My hon. friend will appreciate that the first point he raised is a technical matter which should and will be considered when the bill is drafted. Personally I am satisfied that the language of this resolution is adequate to protect the Canadian tax position, and that the only deduction which a Canadian parent company can make from its own tax liability will be a proportionate amount of the tax paid to the foreign jurisdiction with respect to dividends brought into Canada.

Mr. KNOWLES: I just direct attention to the fact that the word "proportionate" does not appear in the resolution.

Mr. ABBOTT: I know; but my hon. friend appreciates that this is really in the nature of a notice, and is drafted in general terms. The legislation will spell out, in perhaps more precise legal language, what is intended. My hon. friend may examine the legislation closely and see if it meets his point. As to the matter of triple taxation, there is no doubt that is what it is; and while of course there is the argument that our existing tax structure under which corporate profits are taxed once in the hands of the company and again in the hands of the shareholders is justifiable and certainly cannot be disturbed in war time, personally I do not believe that argument can be extended to triple taxation, that is that the same profits should be taxed three times, once by a foreign jurisdiction, again under the Canadian corporation income tax and again in the hands of the shareholders. That position is recognized with respect to individuals. If an individual or a partnership carries on business in Canada and in the United States, and is taxed in that country on his operations there, he is entitled to deduct from his Canadian tax liability the amount of tax he has had to pay in the United States, provided the rates are not higher than those in effect here. That principle will be extended by this proposed legislation to the wholly owned subsidiary company, but to that company only, and I suggest to the committee that it is an entirely equitable and justifiable proposal.

Mr. HANSON (York-Sunbury): I think the hon. member has stated the position very clearly, that it is now the intention to treat wholly owned subsidiaries as individuals are treated.

Mr. ABBOTT: With respect to foreign taxation.

Mr. HANSON (York-Sunbury): With respect to foreign taxation. It is also abundantly clear from this discussion that the hon. member for Winnipeg North Centre not only approves of triple taxation but would like to see it extended. He approves of triple taxation. I wonder how we are going to provide that employment in the post-war period about which these gentlemen are talking with such loud mouths if we are to have triple taxation of industry in this country. Let us expose this hollow sham once and for all. You cannot have your cake and eat it too. You cannot have the state take one, two, three or perhaps more levies from industry and expect that there will be private employment and private enterprise in this country. That is the sort of thing which is driving this nation and other nations into the operation of industry by the state. If we want a corporate state in Canada operating industry, just follow the line of reasoning of the hon. member for Winnipeg North Centre and his colleagues. That is where we will arrive, and that is what I want the people of this country to under-

stand as fully and as quickly as possible. If unfortunately the socialists in this country should dominate the political situation there will not be any private industry left in Canada; and what applies to private industry applies to the nationalization of the chief resource of the country, that is, the farms. If it is good for industry it is good for the farmer, for the small storekeeper and every other class, and we will be regimented by gentlemen like the hon. member for Winnipeg North Centre. Not for me—

An hon. MEMBER: For democracy.

Mr. HANSON (York-Sunbury): And not for democracy, if it is to function properly in Canada. I would like hon. members to realize just what these gentlemen actually mean when they apply it to a concrete case like this. Here is a position where one can understand right down to the ground what they mean.

Mr. KNOWLES: Just a word on this point, although I think it is hardly necessary, because the hon. member for York-Sunbury really knows our position.

Mr. HANSON (York-Sunbury): Well, it shifts every day, according to what electoral district you are in.

Mr. KNOWLES: Oh, no; it does not.

Mr. HANSON (York-Sunbury): Oh, yes; it does.

Mr. KNOWLES: Our position has been the same as long as our party has been in existence, and we stand by it. Our position is that so long as you have a capitalist order of society it is necessary for the state to take from industry the wealth that the people create, but which gets into industry's hands in the first instance. It should be taken in the form of taxes, so that it can get to the people. But under a cooperative socialist form of society we believe in the people themselves, through their government, taking the initiative and setting up industry and business in such a way as to produce sufficient wealth for the well-being of the people.

Mr. NOSEWORTHY: I have one question to ask the parliamentary assistant. I think probably this question of triple taxation is getting out of proportion. So far as I know, each of those subsidiaries is a subsidiary of a large company which has control in its field. It does not matter whether they are taxed once, twice or three times. They are in a position to fix the prices of their own products, and in the final analysis it is the consuming public that pays, whether it pays in the form of higher prices or higher taxes.

[Mr. R. B. Hanson.]

So far as that goes I think it is just a question of how they get the profits.

Mr. ABBOTT: That is just my hon. friend's view; but it is hardly a basis upon which a logical tax structure could be arranged.

Mr. NOSEWORTHY: My point is that we are quibbling over something that does not make any radical difference. Is there any reciprocal arrangement or agreement with the United States whereby the subsidiaries of the United States companies operating in Canada pay taxes to the Canadian government first and the residue to the government of the United States?

Mr. ABBOTT: I am advised that there is. I believe there is a reciprocal agreement.

Mr. KNOWLES: This resolution does not restrict it to the United States.

Mr. ABBOTT: That is right; this does not restrict it to the United States.

Amendment agreed to.

Resolution as amended agreed to.

28. That persons authorized by law to accept deposits be required to file information returns showing interest credited to depositors in 1944 and subsequent years.

Mr. HANSON (York-Sunbury): What is the intention behind this resolution?

Mr. BURTON: Does this include credit unions required to file a return, and information showing interest credited to depositors?

Mr. ABBOTT: I have not seen the legislation yet, of course. It will be noted that the resolution refers to "persons authorized by law to accept deposits," and that they shall be required to file information returns showing interest credited to depositors. Obviously that covers banks; and if credit unions are persons authorized to receive deposits and pay interest on deposits, I suppose that would be taxable income—or I assume it would be. I do not know for sure whether it would be or not. In any case I understand this is to be an enabling provision, so that the minister may require institutions to do what is suggested.

Mr. BURTON: As the resolution now reads, the minister is requiring everybody who is authorized by law to accept deposits to file these returns. I suggest that it be made much more to the point, so that persons accepting deposits will be required by law, when asked by the department, to file their returns. With all the banking institutions in the country, and the credit unions, there is an enormous number of accounts. Many of these would be small and would have the effect of cluttering up the department with returns. While I can

see that the department would need to have a check, what I am trying to guard against is the filing of returns with respect to all these little savings accounts which would have no bearing at all on what the department has in mind.

Mr. GIBSON: That would be covered by the regulations in the income tax branch so that the records would not be cluttered up with small accounts. A limit would be placed upon what returns would be made.

Mr. BURTON: There are many people who have accounts consisting of several hundred dollars. They would not come within the income tax bracket. We have here the possibility of an enormous number of returns being filed every year by institutions and persons authorized to accept deposits. If the department asked that returns be filed in certain cases where required, the rest of the people would govern themselves accordingly and probably account for the interest they receive.

Mr. ABBOTT: As I said a moment ago to the hon. member for Winnipeg North Centre, this is a resolution; it is not final legislation. It is intended to authorize enabling legislation giving the minister power to require the filing of returns. Regulations will be required, as the Minister of National Revenue has indicated, setting out what the returns will be.

Mr. HANSON (York-Sunbury): The hon. member's remark would seem to indicate that the department has not now the authority to require banks to make returns of deposits, and the amount of interest paid on deposits. Is that correct? I would be surprised to hear that.

Mr. ABBOTT: The department, of course, contends that it has the power.

Mr. HANSON (York-Sunbury): Under what authority?

Mr. ABBOTT: In virtue of the act. The law as it stands at present gives the Minister of National Revenue power to require information from anybody. Although I have not the section before me, I believe I have paraphrased it correctly.

Mr. HANSON (York-Sunbury): It is a general power.

Mr. ABBOTT: Yes. The department have taken the stand that they can exercise that with respect to banks, in the case of individuals. But they have never exercised the power to require a general return of all of a class of depositors. It was felt it was desirable to have a special provision in the law which would enable the filing of those returns.

Mr. HANSON (York-Sunbury): In other words, you are going to put on the banks the burden of making a general return, rather than on certain individuals.

Mr. ABBOTT: Yes, if necessary.

Mr. HANSON (York-Sunbury): It would save the department some labour by putting this responsibility on the banks.

Mr. ABBOTT: No, it would not save the department labour. But the department would have no means of knowing whether a given individual might have a savings account on which he was getting one and a half per cent.

Mr. HANSON (York-Sunbury): In his income tax return the individual has to show what, if anything, he receives by way of interest on deposits.

Mr. ABBOTT: And those returns have to be checked. The same applies to dividends. We have an information return with respect to dividends.

Mr. HANSON (York-Sunbury): Do not corporations have to file with the department details of dividend payments?

Mr. ABBOTT: Right.

Mr. HANSON (York-Sunbury): Do you check one against the other and, if you feel there is anything wrong, go right into the books of the corporation? I suppose that that never occurs because every reputable corporation would make the correct returns. I am surprised to find that it is necessary to pass a law to grant this power, because I would have thought that the powers of inquisition—I do not use that word in any improper sense—already possessed by the department would be sufficiently wide. But if it is said they are not, then I have no objection to this. I merely rose to ask for information.

Mr. ABBOTT: I understand there was some question of doubt.

Mr. HANSON (York-Sunbury): Have the banks objected to giving this information?

Mr. ABBOTT: They have not objected, and I think they would prefer to have legislation of this kind. As my hon. friend knows, the relations between banker and customer have always been considered confidential. They never give information except on a court order.

Mr. HANSON (York-Sunbury): They want protection.

Mr. ABBOTT: I think they would want to have the protection of a section of this kind.

Resolution agreed to.

29. That with the approval of the governor in council upon the recommendation of the Minister of Mines and Resources there be allowed a tax credit of fifty per centum of expenditures incurred by a corporation, asociation or syndicate or exploration partnership whose principal business is the production, refining or marketing of petroleum or the exploration or drilling for oil, on a well spudded in between June 26, 1944, and March 31, 1945, which proves to be unproductive, provided that such well is a deep-test well the drilling of which is deemed desirable in the interest of extending the petroleum resources of Canada and which could not reasonably have been expected to be undertaken without such tax credit.

Mr. SENN: Under this resolution a tax credit of fifty per cent is to be allowed on exploration work and drilling for oil. The section of the country from which I come contains a considerable natural gas industry. The Minister of National Revenue will know something about this because many homes in Hamilton are heated with gas. A good deal of exploration work is being done by this industry. Has consideration been given to extending this privilege to exploration work for natural gas as well as for oil?

Mr. ABBOTT: Perhaps I can give a word of explanation as to the purpose of this section. As the minister said in his budget speech, the purpose of the resolution is as follows:

It is, I think, in the national interest that some additional encouragement be offered to the Canadian oil industry to undertake the drilling of several deep-test wells in certain areas with a view to proving up significant, geological structures.

At present, as the committee is aware, tax credits are allowed in respect of unproductive wildcat wells. These tax credits are equivalent to the writing off of this expenditure as an expense in profit and loss account. The present provision is somewhat more generous in the benefits to be allowed. It should be emphasized that this special tax credit is allowed only in respect of projects approved by the governor in council upon the recommendation of the Minister of Mines and Resources, and will apply only in cases where it could not reasonably have been expected that the project would be undertaken without special assistance. In other words it is to encourage operators to drill in non-proven areas where our government geologists would like to see deep-test wells drilled in order to determine whether or not the area is oil bearing. For that reason, on projects approved by the Minister of Mines and Resources and authorized by order in council the special tax credit will be given. As the committee will appreciate, the effect of this will be that the oil explorer gambles fifty cents of his own money and the government says, "If you will do that, we will give you a tax credit of fifty cents on the dollar."

Mr. MacNICOL: I would like to know why you do not give one hundred per cent on the cost of drilling oil wells that do not materialize. In the Dawson Creek area, in the Pouce Coupe area, in British Columbia, in the Peace River area in Alberta, in southwestern Saskatchewan, in northeastern Alberta south of the Saskatchewan river, legitimate oil people have been drilling for oil. These wells cost up to $150,000 and more. I observed these men working and I know the difficulties under which they labour. If oil were found it would be a wonderful thing for the country; why should we not allow all the cost of a well that does not produce anything?

The people I have in mind are not wildcatters; they are legitimate oil producers. For instance, Imperial Oil of Turner Valley are operating. I do not know whether they would be entitled to consideration, but I did see a number of wells that had been drilled in the Turner valley and which have not produced anything. Why should not the producers of such wells be given some consideration in the way of taxation?

No country needs oil production more than Canada. We are producing now about 12,000,000 barrels a year and are using from 80,000,000 to 100,000,000 barrels a year, speaking from memory. Canada would be in jeopardy if her oil supplies from outside were cut off. While no doubt this fifty per cent allowance will be acceptable to the legitimate oil companies, I do not see why they should not be allowed one hundred per cent.

Mr. ABBOTT: As my hon. friend is no doubt aware, the tax structure does allow substantial tax credits to companies drilling wildcat wells or for off-property drilling. Section 8, subsection 6, reads as follows:

A corporation whose principal business is the production and/or refining and/or marketing of petroleum and/or petroleum products shall be entitled in respect of the year of expenditure to deduct from the sum total of the income tax payable by it under this act and the tax payable under the Excess Profits Tax Act, 1940, (and if such sum total of tax is not sufficient to provide therefor, to deduct any balance from the tax of subsequent years) forty per centum of

(a) all drilling costs incurred by it directly or indirectly on oil wells spudded in during the period from the first day of January, 1943, to the thirty-first day of March, 1945, and abandoned within six months after completion of such drilling; and

(b) all exploration costs, including all general geological and geophysical expenses incurred by it:

provided, however, that in the case of a corporation substantially all of whose income is subject to depletion under the provisions of this act, the deduction to be allowed hereunder shall be twenty-six and two-thirds per centum of such costs instead of forty per centum.

As I indicated a moment ago, this is a special type of drilling, and the tax credit is granted because it is believed that these people would not engage in this type of drilling if they were not given special encouragement. But if we were to give them their entire costs it seems to me it would be pretty much a case of heads I win and tails you lose as far as the oil company was concerned. They would get a tax credit for the entire cost of drilling the well, and if anything should develop they would get the benefit. It is felt that while this is not excessive, it is a reasonable inducement to offer for a special type of drilling on projects which are approved by the Minister of Mines and Resources and authorized by order in council.

Mr. MacNICOL: During my last visit to Turner valley I spent some time watching the drilling of a deep well. I have forgotten just how deep it was, but I know they were using a large-sized pipe, and it runs through my head that the operator told me the well would cost perhaps half a million dollars. Right there the question of tax allowance came up.

The Imperial Oil is a reputable company; there are other companies in Canada just as good, but none better. The parliamentary assistant spoke a moment ago about an allowance of fifty per cent being made, which would be sufficient perhaps to prevent unnecessary drilling. The Imperial Oil company, a corporation of that magnitude, with their experience, with the geologists and the equipment they have to enable them to ascertain whether oil is below, would not likely drill anywhere unless all the indications pointed to the presence of oil. They have put, I suppose, half a million dollars in the well which I saw—my recollection is that the well would cost about that—and if nothing comes out of it the Imperial Oil cannot make anything out of it, yet if the well should produce oil the whole of Canada would profit from it. I suggest the utmost consideration as far as taxation is concerned should be extended in a case of that kind.

I called to see another area out west of Nordegg, in northern Alberta, away west of Rocky Mountain House, on the north Saskatchewan river. There were a number of men with equipment drilling for oil. If they do not find oil there, of course the cost will be an investment cost to the Imperial Oil. But there again it seems to me that in any honest-to-goodness effort to discover oil, consideration by way of tax relief should be given to any reputable company which makes a real effort in this direction. The Imperial Oil is a well-known company which has done a very great deal for this country.

Mr. GERSHAW: This resolution proposes to give a tax credit to corporations, and I notice that the next one proposes that it shall be given in respect of strategic minerals. I wonder whether the minister has considered the possibility of regarding oil as a strategic mineral, in view of the great need for it which exists at the present time, and thus making it possible for the individual investor under certain conditions to get a tax credit for the amount he contributes towards the drilling of an oil well.

Mr. ABBOTT: This resolution, as my hon. friend will have seen, applies not only to corporations but to associations, syndicates or exploration partnerships.

Mr. GERSHAW: But not to individuals?

Mr. ABBOTT: But not to individuals. I do not know whether there are individuals engaging in these deep test wells, but the expenditure would be so considerable that it is unlikely, I should think, that any one man would do that. This benefit is available to partnerships for instance.

Mr. GERSHAW: That is the money which is made by the partnership? Suppose a number of men group together and each contributes so many thousands of dollars to the drilling of a well, can each individual taxpayer get a tax credit in that case?

Mr. ABBOTT: Well, under our taxation system, as the hon. member knows, we do not tax the syndicate or partnership as such. We tax the individual partners. So that the tax credit would be applied, I take it, by the individual partners in proportion to their interests in the syndicate or partnership.

Resolution agreed to.

30. That the tax credit allowed to a taxpayer of forty per centum of contributions made by him in the year 1943 to associations, syndicates or mining partnerships organized for the purpose of prospecting in Canada for base metals or strategic minerals be extended to include a tax credit in respect of contributions in the year 1944.

Mr. STIRLING: I think that the purpose of this clause is to extend to 1944 the assistance which was given in 1943; is not that so?

Mr. ABBOTT: That is correct.

Mr. STIRLING: But I do not think that that assistance was open to the prospector or to the individual who so frequently uses his money to grubstake a prospector. In the southern part of British Columbia those great rugged mountain areas have been worked over in the past by, shall I term him, the old-fashioned prospector. But now, what with tuition by mining classes given by the provinces, another class of prospector has arisen who is capable of making use of modern experience and modern instruments, and there is a very great need for the whole of that area to be explored again by geological exploration. It is quite true that at the present time labour is scarce and that individuals are not so able to use their money for the purpose of grubstaking as they were; but the time will shortly arrive when there will be great opportunities of going back to the old method, so common in British Columbia, of individuals putting their money up to back a prospector.

Reference has already been made in this house to the words of advice given us by a member of the geological survey of Canada, drawing attention to the fact that not more than five per cent of the great north country is now properly geologically explored; drawing attention also to the fact that, of the great producing mines of to-day, hardly more than one of them have been discovered in this generation. So that our object should be to do everything we possibly can to further exploration, and for that purpose we need the prospector.

In the working over of the mountains in the southern part of my constituency mines have been discovered, most interesting prospects have been discovered. Copper is mined, platinum has been taken from the creeks, gold and silver are mined, and over a huge area there are valuable showings of lead and zinc. I want to keep going the old method, the old habit, of having the money of individuals used to back the prospector to work over that whole area again, in the hope that mines so far not discovered may yet be discovered. Will the parliamentary assistant tell us whether there is any possibility of extending this facility to the individual who risks his money in that way, not by investing it in a company whose business is prospecting, but investing it in a way which will enable the individual prospector to go out and do the work?

Mr. ABBOTT: I am afraid there is very little prospect of this being extended to the individual prospector. As my hon. friend will realize, in a sense this is a rather loose section; it is a straight tax credit to a contribution or an investment which is made to a prospecting syndicate, association or partnership. That was pretty carefully considered last year when the section was originally brought in, and after consideration it was felt that, in view of the very loose nature of the section, of necessity it should not be extended to cover payments made the individual prospector. This resolution merely extends for another year the incentive legislation put in last year. I can bring my hon. friend's remarks to the attention of the minister, but frankly I feel there is little or no possibility of his being prepared to extend that concession.

Mr STIRLING: But why was the section made so loose?

Mr. ABBOTT: The looseness is not so much in the section as it is in the description of the groups to which a contribution may be made. My own view on this matter is this. I have always had rather serious doubts of the desirability of this legislation—as I say, this is only my personal view—because it gave a very great incentive to stock promoters to organize these prospecting syndicates and sell shares on the basis of getting the tax deduction. But weighing one thing against another, the desirability of encouraging prospecting and so on, it was felt that this concession should be made. To extend it beyond registered or incorporated prospecting companies or syndicates to individuals was going further than the government felt it should. Perhaps that decision was wrong, but I do not think it is likely to be changed.

Mr. BRADETTE: I crave the indulgence of the committee for a few moments while I discuss the subject before the chair in my capacity as an ordinary member. I have been greatly honoured by my appointment to the chair, and have fully enjoyed the cooperation that I have received from everyone. But as I represent a very populous and widespread constituency with diversified interests, and more particularly with gold mining as one of the predominant industries, I should like to say a few words on the item under discussion. I am entirely in agreement with the present resolution the purpose of which is to help base and other metals, but I am at a loss to understand why gold is not included.

I do not wish to precipitate a controversy over this subject, because my position rather precludes anything of the sort; but at times gold mining has been maligned, notwithstanding the fact that it has played a very important part in the economic life of the nation for at least the last thirty years. I am in a position to know what I am speaking about in this regard because I represent great pro-

ducers in the Porcupine section and I am a neighbour to the Kirkland Lake section in Ontario on the one hand and the Noranda-Rouyn-Val d'Or district on the Quebec side, on the other. I have first-hand knowledge and personal experience of what has been accomplished by the gold mining industry throughout that district and of the contribution it has made to the national and particularly the economic life of the country.

It was certainly marvellous, during the depression, to see what was being done by those sections of the country to give full employment to Canadians. Not only did the miners themselves enjoy the benefit of the employment provided, but agriculture also benefited and the forest activities consequent upon gold mining were promoted.

We knew from the experience of 1914-1918 that gold mining would be a war victim, so that in the fall of 1939 and early in 1940 we anticipated what would follow. But when the government made an appeal to the industry for increased production in order to maintain the Canadian dollar and our balance of export trade with the United States, both the management and the miners themselves responded magnificently. Since those days, however, very grave things have happened and both the management and the men have been willing to cooperate with the government to the fullest possible extent. They do not want hand-outs. They are anxious to play fair with the people and to pay their full share of taxation. They are not going to ask for favours from this government or from any provincial administration. All they want is fair consideration of their problems. Two years ago the town of Timmins, the whole of the Porcupine district including Schumacher, South Porcupine, the Kirkland Lake section and the Noranda district, sent a delegation here who presented a very able brief to the government, eloquently delivered by Mr. T. R. Langdon, urging the importance of maintaining at least a skeleton force to exploit the gold mining industry. They pointed out that if this were not done a great many people would suffer from the resulting lack of development, more particularly the municipal bodies. They pointed out further the excellent work carried on through the agency of these gold mining operations. They received a fine response from the Minister of Finance who was much impressed by the representations made, and many of the grievances complained of were remedied.

The mineral resources of Canada, generally speaking, belong to the provinces. It is true that outside the northwestern terirtory the mines in this country belong to the various provinces, but it must be remembered that ninety-one per cent of the taxation which they pay goes to the federal treasury, and that fact alone must make the federal treasury realize that under such conditions certain anomalies—I will not call them injustices—exist in connection with gold mining in some of the provinces. We must keep the record straight. The central government has responsibilities in this matter. If we plot the gross value of Canada's mineral production for, let us say, ten years back, and then project the curve let us say five years into the future, the trend will startle us, and I think it will be readily admitted that a drastic or radical change could not be regarded as premature, as has been stated in the House of Commons. I am not discussing the question of the gold standard or of monetary systems, but I suggest that if we try to visualize the conditions that are to prevail in the future, we shall see that the gold standard will have to be maintained after the war, and for this reason Canada is in a fortunate position in that it is one of the large gold producing countries in the world. If gold mining has meant a great deal to Canada in the past, it will mean a great deal to the future of this dominion, and I am sure it will play an important part in the post-war period.

I have no quarrel with anything that is done to promote the development of base metals, but surely it should be found possible to include gold mining in any programme that is implemented by the federal government. New oil and gold mining companies were given a three-year tax exemption. On the surface this is a real concession, but when in practice it is discovered that during that three-year period it is necessary to write off depreciation and pre-development costs at a fixed rate per annum, the picture changes. In practice, experience has taught that the concession has no real or worth-while value. I leave that thought with hon. members to think over. I do not expect that drastic changes will be made at once, but I hope that these representations which I am now making will be taken into consideration.

It is true that last year the cost of outside exploration for base or strategic minerals was allowed as a deductible item, but such expenditures were limited to something like $5,000. This is a feeble and hesitating step in the right direction, but why limit it to base and strategic metals? Why not include gold? I am not theorizing on that score, because I have first-hand knowledge of the situation, and I have seen what it has meant to this country to have had gold mining operations in Canada. I know what it has meant to my own section of the country and to the rest

of Canada. Those engaged in gold mining are willing now, as they have been in the past, to make a one hundred per cent contribution to the development of Canada and to its war effort, provincially and federally. But some people seem to think that mining operations can be enlarged or curtailed at will on short notice. There seems to be no understanding of the fact that it takes four or five years, frequently longer, to bring a gold prospect into profitable production, and that in order to obtain that one profitable development it is necessary to weed out a large number of losing ventures for which no provision is made in the mine tax structure. If we are to play any real part in providing post war employment, we may be somewhat late now in anything we do in connection with gold mining.

Many people regard gold mining as a sort of luscious bonanza. Some people seem to think it is like some fruit that grows in abundance and has only to be picked. Well, it may surprise the committee to learn that out of 4,500 ventures, only two per cent come to full development and that only one per cent of gold mining ventures have been paying dividends. It can readily be seen, when you take these facts into consideration, that gold mining presents us with a serious problem. It would be easy to single out one or two or three mines in my own constituency which are paying dividends, but I know of hundreds of mortalities among the new projects—ventures which never come to fruition at all. It is interesting to note the concern that is felt for the oil industry as well as for the base metals, which have their raison d'être.

We must also realize that it is almost impossible to differentiate between gold mining and the mining industry generally under present conditions. Let us for one brief moment look at the mining industry generally, not gold mining only, which means so much to our national economy. We will take as an example the boot and shoe industry. No doubt there are different factors connected with that industry compared with mining generally, but the raw material is always easy to obtain in Canada, United States or Great Britain. We may send government agencies outside of Canada to sell the products of the boot and shoe industry. This industry has a large national market. You cannot apply the same principles to gold mining or mining generally, because it employs practically only two factors. The first is the size and grade of the ore deposits, and the other the cost of production. That applies more forcibly to gold mining than to any other mining in Canada, because in most cases they are mining a very low grade of ore indeed. This applies particularly to the old mines. No doubt a lot of new mines will come into operation after the war as they did when the United States increased the price of gold to $35 an ounce, if proper attention to its problems are given. The new price did much more than that; it gave a much longer life to some of the old producers that had been producing for a number of years.

As I say, the second factor is the cost of production. That must necessarily enter into gold mining as it does in any other kind of mining industry in this country. For industry generally there has been set up a standard profit based upon a fixed standard period. Anything over that standard profit is subject to a so-called hundred per cent excess profits tax, but for industry other than gold mining any profits equal to—and I wish the committee to pay particular attention to this—or less than the computed standard profits are not subject to the hundred per cent excess profits tax.

To encourage gold production in the early stages of the war, the gold mines, you will remember, were urged to increase gold production by every possible means. Hon. members will be familiar with that situation. To encourage the increased production of gold it was arranged that the standard profit base should move up with the increase in production measured in ounces of gold. In other words, if a mining company doubled its ounces produced, its standard profit base would be doubled. Then, to punish those who might remain indifferent to the government's appeal, it was further arranged that where the ounces produced fell below the output during the standard period, the standard profit base would diminish in the same ratio. At the time the industry raised no objection to this arrangement; but conditions changed. The government declared gold mining non-essential and placed it in the lowest category. I know the government will realize there was no protest from any of the gold mines or from any of the workers in this section either because we knew there was a war on and we were absolutely in favour of a total war effort. However, increased production was not allowed to continue, and decreased production could not be avoided. As a result, gold mines are now discriminated against. The boot and shoe company, as an example, can make up to the standard base before the hundred per cent excess profits tax is applicable, but not so the gold mines. To show the unfairness of this situation, let us assume that a producer in my section ceases all mining operations and

that after paying the cost of maintenance they have out of their return from their investments sufficient income to cover costs and retain a small margin. No matter how small that margin is, it is excess profits subject to a hundred per cent levy, because no gold is being produced. There can be no difference of opinion as to whether or not such an arrangement is equitable and just.

I wish to mention one other matter which is very important. Proven and potential ore reserves constitute the mine's real assets, and from the moment abstraction begins, the sum total of these assets is being diminished. It is a wasting asset, different from agriculture or some other industry. That applies to gold mining in every section of the world. In a comparatively short time these assets are completely liquidated. It follows then that the earning power of a gold mine is comparatively brief and very largely unpredictable, and cannot be treated by the intelligent investor as a self-perpetuating industry such as an ordinary commercial or industrial enterprise.

The committee no doubt will be surprised to learn that if to-morrow I were to invest in some of the old producers in my section like Hollinger, MacIntyre and Dome at the present day prices and the company never reduced or missed the dividend paid at the present time, it would take over eighty-three years to get my capital back without interest.

I thank the committee for its kind indulgence in allowing me to bring to its attention some of the difficulties of gold mining. In making this appeal I make it in an open-minded way, realizing that the industry has done much for our national economy in the past as it is bound to be called upon to do in the future. I also make it on behalf of the miners themselves, who have been fruitfully employed for the last thirty years in my own section of the county. They have meant a lot to the economy of Canada. The man-power situation in that section is now tight, because nobody backslided so far as voluntary enlistments were concerned. I am making the appeal in behalf of the farmers in my section of the country. The new clay belt was opened up over thirty years ago. The success of the farmers in that section largely depended on the success of the mining centres. I am making my appeal sincerely, not only in the name of my own constituency but in behalf of the people of the whole of Canada, and more particularly from the point of view of the great help that the gold mining industry is bound to be called upon to give in the post-war period.

Mr. BLACK (Yukon): Under the resolution as it stands a tax credit is allowed to a taxpayer up to forty per cent of contributions made by him to associations, syndicates, mining partnerships organized for the purpose of prospecting in Canada for base metals, and so on. I think the provsion is too narrow. Contributions made by a taxpayer to individual prospectors should receive the same proportion of tax credit. On June 7 I wrote the Minister of Finance suggesting to him that a taxpayer in Canada contributing to prospectors for base or strategic metals should be entitled to deduct from the income tax payable by him under the Income War Tax Act and the Excess Profits Tax Act of 1940 an amount equal to forty per cent of the contribution so made by him, as is allowed to taxpayers who contribute to associations, syndicates or mining partnerships registered or otherwise recognized by the laws of any province of Canada, and as provided and regulated by section 8, subsections 4 and 5, of the Income War Tax Act. I suggested to him that any prospector or prospecting partnership in Canada should register their activities with the mining recorder on payment of a fee and file with the mining recorder a sworn statement of work done and amounts so expended, such statement to be filed by the mining recorder with the inspector of income tax, and upon making return for income tax such taxpayer should file a similar sworn statement with corroborating evidence, with the inspector of income tax. I said further to the minister:

> I know that it is common practice for people living in Yukon and British Columbia and I dare say in other provinces to advance money to prospectors, so making it possible for them to remain in the field and to carry on prospecting. I have frequently done so myself but not since such contributions have been dealt with in tax legislation.
>
> It would seem only just that bona fide contributions so made and proved by individuals should be similarly exempt as contributions made to associations, syndicates or mining partnerships and I respectfully request that the proposal be given your favourable consideration and be appropriately dealt with in the coming budget and attendant legislation.

To that letter the minister replied on June 28 as follows:

> As you know, my colleague the Minister of National Revenue is charged with the administration and interpretation of tax legislation. Whether, from his point of view, your suggestion would be practicable I cannot say. However, I am forwarding a copy of your letter to him for consideration, and I shall be pleased to discuss the point with him when this item is being considered in connection with the new income tax amendments which will shortly be before the house.

I hope the minister has been as good as his word and has discussed the matter with the

Minister of National Revenue, and that between them they will agree to a broadening of this provision to allow the same credit to a taxpayer for contributions made by him to an individual prospector, registered and properly approved, as is now allowed for contributions to associations, syndicates and mining partnerships. It is only fair to do this.

Mr. GREEN: The key word of this resolution, it seems to me, as with the resolution of last year, is "prospecting". The government decided that it was wise to encourage prospecting in Canada, and there can be no doubt whatever as to the soundness of that decision. The whole mining industry depends upon new mines being found. For some few years now comparatively few have been discovered in Canada. I think the government was quite right in taking the step that was taken last year, in providing for this tax credit. At that time some of us suggested that it should be extended to include the individual prospector, and certainly the time has now come when that should be done. From my own knowledge of the situation in British Columbia I can say that the great majority of the mines there were discovered by individual prospectors who went out in the hope of striking something worth while. They were found as the result of individual initiative. That is quite a different matter from having men sent out by big companies, but under the present arrangement the companies are the ones who are helped. Most of the mines in British Columbia were found by men who went out on their own, in many cases backed by the local merchant or someone else in the town in which they lived. We feel very deeply about this matter in British Columbia, because we are convinced that the only way we will find new mines is by having individual prospectors go out once more, just as they went out at the turn of the century. The British Columbia-Yukon chamber of mines have made representations along this line. I have here a wire in which they say:

> We also urge that tax deductions of contributions for prospecting at present granted persons financing associations, syndicates or mining partnerships be extended to include individual prospectors financing themselves.

The position is that the government is helping the big fellow but is not helping the little fellow. That is exactly what it amounts to. I do not object to the help being given the mining companies or syndicates, but I say it is far more important to help the prospector and his friend in the town who is willing to put up money so that the prospector may carry on his work. We are going to have several hundred thousand young men coming back from the armed forces one of these days, perhaps before the next budget is considered, and I am convinced that many of them would take up mining and go out prospecting if they were given reasonable encouragement. A measure such as we are suggesting, that is the extension of this tax credit to cover individual cases, would be one way to help those young returned men get into the hills and take up prospecting. They are just the right age, just the right type. They are the finest young men in Canada, young men of great initiative, and I am convinced that they could do something really worth while for the mining industry if the governments of this country, not only the federal government but also the provincial governments, gave them reasonable encouragement. We realize that there would be difficulties in working out these tax credits in connection with individuals; perhaps that is why it has not been done so far. The government cannot work out a method of doing it; it is just too much trouble to try. It is a comparatively easy matter in connection with the big companies, but when it comes to helping the little fellow they just do not know how to go about it and therefore they say he cannot be helped. This matter should not be simply pushed aside. The government should take some steps to give this assistance, under this budget, to the individual prospector.

Mr. GILLIS: I want to say a few words on this item, and first I would state that I agree with the hon. member for Vancouver South. I think he made a very important point. To follow that through, however, after the individual prospector or whoever may grubstake him is given a tax credit, under present arrangements any discovery he may make is handed over to some private company to exploit. In this field, particularly in the post-war period, if the government is going to invest money in the discovery and development of new mineral resources; if the taxpayers of Canada are to foot the bill through tax credits and so on, at least they should get something in return by way of social services. I am a little doubtful as to whether that is practical on this item. Up to the present I think this was a practical arrangement made necessary because of the urgency of the war situation. I believe the government had to take the position of helping everyone who might find and develop base metal mines; the urgency of the war made that necessary. At the present time, however, I think our war requirements are being fairly well met, so I think now we should carefully examine the situation and lay down certain regulations to

cover future developments in connection with any operation in base metals. We should take great care to see that they are so located as to fit into the economy of this country, and have some peace-time usefulness when the war is over.

Mr. HANSON (York-Sunbury): How can you affect their location? They are where nature left them.

Mr. GILLIS: I will give an example of what is happening now, and will leave it to hon. members to decide whether this is a profitable investment for the people of Canada to make. I had a visit from some of the employees of the Quyon Molybdenite company, located not far from here. This company began operations in 1940; it was a war-time set-up. In addition to other assistance they were given a subsidy of 75 cents a pound on the metal they produced. Later that subsidy was discontinued, and the company immediately ceased operations. The plant was taken over by another company, headed by Mr. J. E. Gray of Toronto, who operated it until a week or so ago. The employees of that company have not been paid since June 15. That company was largely the creation of the federal government, and continued in operation only as long as that operation was profitable. You see, the war does not enter into the picture as far as these people are conconcerned. As long as it was profitable, as long as they were subsidized, as long as they were making money out of it, it was fine and they were prepared to stay. That is the sort of private enterprise about which the hon. member for York-Sunbury talks.

Mr. HANSON (York-Sunbury): Oh, you are just talking sheer nonsense.

Mr. GILLIS: I have the floor, Mr. Chairman. All morning I listened to my hon. friends to my right talking about private enterprise—private enterprise with both arms round the neck of the government. They say, "We will go as far as the government is prepared to finance us, but when that financing is not forthcoming we will walk out." The point I am making is this. While you are protecting the fellow who wishes to make money, at the same time you are building up a community on that basis, as happened in this instance. Employees were working for this company. It was a new set-up, and they moved in, taking their families with them. Some established homes. They have an investment and an equity in that community which was not government subsidized. If the regulations are such that just as soon as a fellow cannot make money he can pull up, walk out and leave the property completely valueless, then I say the employees or the people in the community are entitled to some protection. There should be some understanding that organizations subsidized by the government into new industry owe some responsibility to the community. It should be pointed out to them that they cannot just walk out without even paying wages. Let us remember that the average worker depends from week to week on his daily wage. They have received no wages since June 15, and they are frozen to their jobs because they are in a high priority industry. Selective service has not allowed them to move out to other employment.

Mr. JACKMAN: I thought it was closed down.

Mr. HANSON (York-Sunbury): If it was closed they could move out.

Mr. GILLIS: They have not, so far. I am not arguing about selective service, because I think that end of the matter will be taken care of, once it is understood. The point I am making is that this has been an attempt to establish a new industry to produce base metals for war purposes. We must now concern ourselves with this situation: If the government is going to give tax concessions to those who want to establish industry, then it is the responsibility of the government to see to it that regardless of where mineral deposits are found, if we are going to spend money we should have a permanent industry, and one which can be routed into our peace-time economy. Let us assure ourselves that it will not be just a mushroom growth for the purpose of making money during the war, and that those in charge will not be able to walk out and leave it.

Mr. JACKMAN: The hon. member said it was still working.

Mr. GILLIS: No, it is not still working. The workers are trying to put a lien against the property for their wages.

Mr. JACKMAN: The hon. member said that selective service would not let them get jobs elsewhere.

Mr. ABBOTT: I have been listening to what the hon. member has been saying, and while I do not like to rise to a point of order, still I must point out that the subject he is discussing is a long way from that of concessions to prospectors. I wish my hon. friend would try to bring his remarks within the resolution.

Mr. GILLIS: I think I am absolutely within it; I am on the point. I have shown what has happened, something that the government

is apparently going to continue. I am urging that some regard should be had by the government to the establishment of base metal industries, so that it may preclude what is taking place now, namely exploitation for war purposes. This is a use of the taxpayers' money, and when it is no longer profitable, or when the government is not prepared to continue to make it a paying proposition, out of the public treasury, private enterprise picks up and walks out.

Mr. ABBOTT: The question whether or not the government should subsidize an unprofitable industry is away outside the provisions of this resolution.

Mr. HANSON (York-Sunbury): Mr. Chairman, I should like to say a word, although I am not going into the ramifications of the position outlined by the hon. member for Cape Breton South. I do not know much about molybdenite, but I understand the great production is in the United States. Someone discovered some of it in Canada and thought it would help the war effort. The government gave a subsidy. I suppose it was found unprofitable, and the subsidy was withdrawn. Someone with private initiative thought he would stake something or risk something, and he failed and folded up. I suggest the plight of the men is bad, but they have their remedy against the directors of the company. I am sorry for them, and I would do anything I could to help them; but it is not at all germane to the subject matter we are now discussing.

I should like to add a word in support of the plea made by my three colleagues from the west coast—the hon. member for Yale, the hon. member for Yukon and the hon. member for Vancouver South. On principle, if it is right to give a tax concession to a company or to a syndicate which sends out its employees, finances them and reaps the profit of their knowledge and industry—probably out of all proportion to what a private individual would do for and reap from prospectors—then on principle it is right that this same assistance should be extended to two private individuals, one the prospector and the other the man who grubstakes him.

The hon. member for Vancouver South has pointed out that it is the history of the industry that individual prospectors have discovered the most and the best mines. That ought to be encouraged. What have we here? We have here discrimination between two positions, and the reason is quite clear. In my view the reason is that in the case of a corporation or a syndicate, supervision or checking can easily be carried out and the quantum of allowance determined with mathematical accuracy, while in the case of the individual it may be difficult. Obviously that is why there is a distinction and discrimination, because in my opinion the principle is absolutely the same. In fact if there is a weight, on balance, it is in favour of the individual prospector. I suggest that in respect of the Yukon, the hon. member for Yukon has given with great particularity the modus operandi which would protect the public treasury against fraud. It can be done in any individual case by the exercise of diligence and labour on the part of the taxing authorities. The difficulty is in administration, and I think the minister will tell us that when he comes to reply. I do suggest that in setting up the income tax too much regard is given to the convenience of administration, the centralization of administration, and not enough is given to business and employees of business. The whole thing is based upon this principle: how can we get the most dollars in the easiest possible way and with the least administrative difficulty? That is an indictment against the administrative policy of the department.

It is of course only natural that a departmental head would say, "Well, this is the easiest way; we can get the same results along an easier path." But they do not think the thing through clearly. They do not ask themselves: which is the better way, having regard to the whole national economy, and the public interest? I suggest the whole position ought to be reviewed. I am wondering if we have not put our finger right on the weakness of the administrative position, namely that this is an administrative problem they have not tackled and do not wish to tackle. It stands to reason that if it is a good principle to give a tax concession to a company or a syndicate or a group, then certainly that principle is sound as it applies to an individual. You cannot get away from it; you cannot deny it. In this instance if there is to be discrimination it would be to the greater advantage of the national economy and would bring about a greater national productivity if such discrimination were in favour of the individual rather than the company.

My reading of history is that individuals with inventive minds or a flair for prospecting who are employed or sent out by companies never have reaped the part of the reward that was due to their industry; it is taken up by the company concerned. I know that is true of individual inventions which have been financed by companies. I know it is true in connection with chemical research.

I have a clear recollection of a chemical engineer of a very high type who delighted doing work of this kind. He was in the employ of a company and of course in receipt of a good salary. He would not have been there if he had not been getting that salary. But he had capabilities, and he discovered something, and I regret to have to say that he did not reap where he had sown to the extent that he ought to. This type of tax legislation just puts a premium on what I have been talking about.

Mr. ABBOTT: I do not know that there is much I can add to what I said in reply to the hon. member for Yale. It does not seem entirely clear from the remarks of some hon. members that individual prospectors do not get any benefit. Apparently they would not get any benefit even if the suggestion of the hon. member for Vancouver South were adopted.

Mr. GREEN: The minister's assistant is not right. The man who grubstaked the prospector would get a credit, but the prospector would also get a tax credit for his expenses.

Mr. ABBOTT: That has never been suggested before to my knowledge.

Mr. HANSON (York-Sunbury): I suppose he would get it automatically.

Mr. ABBOTT: I suppose he would get it as expenses. This resolution is intended to benefit the man who puts in an amount not exceeding $500 in the case of one association or syndicate, and not exceeding $5,000 in the case of contributions made to all such associations or syndicates. The man who is in the $100,000 income bracket may grubstake prospectors up to $5,000 provided that they are properly registered and are recognized as a prospecting syndicate. In the case of individual prospectors I could get one to go into the field—I am told there are none out of work at the moment. It is not simply a question of administrative difficulty, it is a matter of knowing whether or not a man is a prospector.

If I wanted to give a fellow a nice holiday I could give him $500 to go up and look around northern Quebec. He could spend his time on the delightful lakes up there. Perhaps he could take a pick along or he might even register as a prospector, but the result is that I would get an income tax credit. That would be extremely difficult to check.

Mr. HANSON (York-Sunbury): It is an administrative difficulty.

Mr. ABBOTT: It is more than an administrative difficulty. I think the view was that the government would not be justified in extending it to the individual. That was the position taken last year, and so far as I know there has not been any change.

Mr. HANSON (York-Sunbury): That is not an answer.

Mr. BLACK (Yukon): The parliamentary assistant has referred to the individual prospector who might go up into northern Quebec or some other mining section and have a holiday. The taxpayer who contributes and gets a tax credit does not go out himself. The syndicate does not go out, nor does the mining partnership. It is the prospectors who go out, and they are just as apt to go on a holiday as the man referred to by the parliamentary assistant. You cannot keep track of the individual prospector any easier when he is working for an individual than you can when he is working for an association or syndicate. What has the Minister of National Revenue to say? The Minister of Finance said that he would discuss it with him.

Mr. GIBSON: The hon. member for Yukon has referred to the Minister of Finance passing to me a letter that had been sent to him concerning this matter. What the Minister of Finance was referring to me was the question under section 8, subsection 5, whereby an allowance is made for an association, syndicate or mining partnership registered or otherwise recognized under the laws of any province of Canada. The hon. member for Yukon brought up the fact that this does not extend to the territories, and he contended that they were just as much entitled to it as the provinces. That matter is being taken care of in the legislation this year, and this allowance will be extended to residents of the Yukon and other territories.

Mr. BLACK (Yukon): Do I understand that contributions made by taxpayers to individual prospectors will be taken as a credit?

Mr. GIBSON: That is a matter of finance, not for national revenue.

Mr. BLACK (Yukon): It could be easily accomplished by amending the resolution by adding the words "to individual prospectors" after the figure "1943" in the second line. The resolution would then read:

> That the tax credit allowed to a taxpayer of forty per centum of contributions made by him in the year 1943 to individual prospectors, to associations, syndicates or mining partnerships organized for the purpose of prospecting in Canada for base metals or strategic minerals be extended to include a tax credit in respect of contributions in the year 1944.

You could do it by the addition of three words to the resolution.

Mr. ABBOTT: There is no trouble about doing it if the government felt it was proper to do it as a matter of policy. I have been endeavouring to explain for some time, no doubt inadequately, that after considering the matter fully last year and again this year the government felt that it could not go that far.

Mr. HANSON (York-Sunbury): For administrative reasons?

Mr. ABBOTT: I would not say for administrative reasons only.

Mr. BLACK (Yukon): The objection is for administrative reasons, but the amendment I have suggested would obviate those administrative difficulties. Now the tax allowance is made only in the case of contributions to prospectors who organize and incorporate a company.

Mr. ESLING: Mr. Chairman, the observations of the previous speakers should bring forcibly to the attention of the government the importance of the prospector. The Minister of Finance and the Minister of National Revenue have taken part in a discussion of this matter, but where is the Minister of Mines and Resources? He is the man who should be evolving a broad and comprehensive programme of mining development in this country. He knows the provinces in which mining is most active.

I cannot recall a single mining property in British Columbia which is not the result of the efforts of an individual prospector. The great Sullivan mine, which gives employment directly or indirectly to 100,000 people, such as railway men, machinery men, and other employees, was discovered by a prospector many years ago. The individual prospector was the basis of all mining organizations. The different companies raised the money; the government did not raise it. Individuals subscribed for shares in these companies and smelters were built; machinery was bought. All of this contributed to the development of mines, which in British Columbia at least have created the greatest prosperity that that province has known.

The average life of a mine is twenty years, and then comes the depletion period for which the mining industry is asking a fifty per cent depletion. After twenty years most mines have to close and unemployment is created. As one of the members noted, in the post-war period it is the mining industry that will create the most employment and the most prosperity. I do not know of any better argument I can present that the prospector is the basis of it all than to state the fact that in British Columbia, you can count seven smelters which have gone out of business, or rather, seven smelters which have been treating British Columbia ores; one of them is on the international boundary. These smelters created an immense amount of business and a great volume of employment. Then we come to the gold mining industry. In 1938 there were thirty-nine plants in British Columbia for the treatment of gold ores. To-day there are just seven. There is no encouragement from the government. The department of mines should cooperate with the various provinces in a broad and comprehensive programme for the recreation of the mining interests and the mining activity and the mining development in every province which appeals to the prospector.

Mr. ADAMSON: I want to go on record as supporting the contention of the hon. member for Kootenay West. The minister has a peculiar idea, and the Department of Finance has an even more peculiar idea, that this is a generous thing which they are doing. Let me say this: you limit it to base metals or strategic minerals. In the view of the treasury officials that is what they want. Now, base metals and strategic metals are frequently found in connection with mining gold. I suggest through you, Mr. Chairman, to the minister that they reword this clause and omit the words "for base metals or strategic minerals.", and so have the section in this form:

That the tax credit allowed to a taxpayer of forty per centum of contributions made by him in the year 1943 to associations, syndicates or mining partnerships organized for the purpose of prospecting in Canada shall be extended to include a tax credit in respect of contributions in the year 1944.

Mr. HANSON (York-Sunbury): To apply to all metals.

Mr. ADAMSON: To apply to all metals, to apply to all prospectors, because in our peculiar and very intricate geological structure, if you limit the prospector to going out looking for strategic or base metals you will find that the clause will have very little effect at the present time. It is of very little use to the prospector, because it is an extremely limiting clause. I believe we could well follow the Australian practice, by which they allow one hundred per cent as a deduction for prospecting, up to a certain percentage of the total income. I am going to read the specific clause, because I think it is important, particularly at this time in the war. Clause 23 provides:

The following income shall be exempt from income tax:

That is, it is unequivocally exempt from income tax. Here is the clause concerning the prospector:

(p) Income derived by a bona fide prospector from the sale, transfer or assignment by him of his rights to mine for gold in a particular area in Australia or in the territory of New Guinea. For the purpose of this paragraph "bona fide prospector" means a person, other than a company, who has personally carried out the whole or major part of the field work of prospecting for gold in the particular area, or who has contributed to the expenditure incurred in the work of prospecting and development in that area, and includes a company which has itself carried out the whole or major part of such work.

That is a broad provision, and I think it is a sound and reasonable clause to insert at this time in our act. We are going into the post-war period very shortly, possibly within the next year, and we are going to find our mining industry on a salvage basis. Remember this, that while during the war we have had great metal production in base metals, in such strategic metals as tungsten we shall be unable after the war to compete with the rest of the world, because we have only produced them under the stress of war, because a bigger supply was not available; it was cut off by war. We needed the metals and we needed them at any price; we had to have them. But when the war is over, world sources of these strategic metals will be opened up; it will be found that it will be uneconomic to continue producing a number of them, and in all probability the operations will close down. Some of them have already closed down. The mercury situation is a peculiarly dangerous one; if I may use the word about mercury, it is a peculiarly volatile one, because it fluctuates tremendously, depending upon the outlook and upon certain peculiarities of the industry. Tungsten is another such instance. We have the Emerald mine: having opened up that mine we find that there is no market for its products. There was a market: we had to have the tungsten at that particular time: but at the present time the mine, I believe—the hon. member for Kootenay West will correct me if I am wrong—is closed. That is the sort of thing we are going to find.

The limitation of the credit to base and strategic metals is defeating the very end for which this resolution is required. In the future we shall be worried not so much about getting production of strategic metals as about putting the mining industry back in a sound and a replenishing condition. At the present time, as I have said, the mining industry in many instances is on a salvage basis.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. ADAMSON: When the committee rose I had not quite finished what I had to say with regard to this item. One of our most immediate problems, as I have tried to point out to the parliamentary assistant this morning, is not the finding of strategic metals. The operations specially undertaken for war purposes have to a very great degree been closed down because they cannot now compete with the natural source of supply. I mentioned tungsten, molybdenum, mecury, mica and others. These operations are not going to be of much use to us because even now, while the war is on, they cannot continue; so that with the resolution as it now stands the minister is flogging a dead horse. To make the resolution really mean something I would suggest bringing it into line with legislation elsewhere, that expenditures on prospecting be allowed at the rate of 100 per cent. By this I mean that if an individual or a company grubstaked the prospector the whole amount so expended in grubstaking would be allowed as a deduction. There would have to be some safeguard with regard to the way in which that money was expended. That I see. But in Canada to-day we have active and extremely capable prospectors associations who are jealous of their good name. Not only that, but we have an equally active Canadian institute of mining and metallurgy, and there are the various provincial mining associations. They are all responsible bodies of men and they have a great responsibility to the state. They would join with the government in judging of the bona fides of the prospector. That is the way it has been done elsewhere. I believe that the private association is the one that is recognized in England where legislation similar to that which I have suggested is in force.

Let us see what this means. Mining is a game that is completely unlike any other operation. Mining is one of the few operations, in fact it is the only one I know of, where the small man, the individual who has as little as $50, has an opportunity to enter into the development of Canada. May I give the minister some figures on the national character of this industry, and I do so to prove the point I wish to make. To-day there are in mining companies 136,801,310 shares. Of that number there are owned in Canada 99,579,476, or 73 per cent; in the United States, 28 million, or 20·5 per cent; elsewhere, 9 million, or 6·5 per cent. This shows that the shares are very largely held in Canada. But it has escaped so many people that there are 274,192 individual shareholders

in Canadian mines, of which number 168,404 are resident in Canada, while 81,869 are in the United States and about 24,000 elsewhere. In other words, 61·4 per cent of the total number of shareholders reside in Canada. This means that 168,404 individuals are dependent on or have a stake in the mining industry.

There is no other industry anywhere in the world that can show a comparable general and widespread public interest as the mining industry in Canada. It is truly a national industry. The average shareholding of all these people is around 500 shares. These are the facts. It is nationally owned; it is owned by the small man; and it is the one industry that can serve us immediately at the end of the war. Under this clause, however, no encouragement whatsoever is given to the general prospector. You are told you can go and look for molybdenum or tungsten or other strategic minerals knowing that mine after mine is being closed down because they are not economic. Nobody would go into a tungsten mine to-day or into a molybdenum mine. Properties are being closed because the other natural and great source of these metals is being opened up.

If the minister would accept my suggestion and remove the qualifying conditions in this section and allow prospecting for all metals, not merely restricting it to base and strategic metals, it would mean that the prospector could go and benefit by whatever he might find. I wish to urge that very strongly upon the minister. I believe the Minister of Mines and Resources should have been here and should have stressed it as hard as I am, in fact harder, because he can say to the Minister of Finance and the Minister of National Revenue things which it would be perhaps unparliamentary for me to say. However, I say to the assistant that there is no outlet, there is no field of endeavour that offers the possibility of the mining industry, and it offers it right away.

You will say that there has been a great boom in the Yellowknife and elsewhere. True, there has been a speculative boom, but the Yellowknife has been known for a number of years. The market has certainly reflected a speculative interest in a number of drill holes, but remember, a drill hole is not a mine. Because we are led away by looking at the mining market that is not a sound basis on which to regard the future of this industry. We have to see to it that the mines are developed. Mere speculation as the result of a drill hole is not development. I leave that with the minister, with the most earnest request that he give it serious consideration before these resolutions are finally passed.

[Mr. Adamson.]

Mr. HANSON (York-Sunbury): In the few remarks which the Minister of National Revenue made on these resolutions he made it quite clear that he did not make the balls of taxation; he only rolled them. I think in that terse statement I represent clearly the gist of his remarks before the committee. I and others have suggested here to-day that the reason why the line of demarcation, or shall I say discrimination, has been drawn so closely is that it is an administrative one and an administrative one only. It lies within the minister's power to indicate whether that is the real reason why the resolution does not go as far as hon. members have urged. I ask the minister to lay the cards on the table and to say that this is the real reason. Then I suggest to him that a complete answer has not been given to the hon. member for Yukon and others who have indicated a way, in their localities at least, whereby this discrimination may be overcome. A case has been made out for the prospector and his individual backer that is unanswerable. There should be encouragement given to them, because, as the hon. member for York West has just indicated, there is no occupation in the country that can be put into action so quickly and easily immediately after the war as the mining business. Surely we ought to try to encourage that. I request the Minister of National Revenue to state the positon frankly. Is not this an administrative difficulty?

Mr. GIBSON: No; I would not say that at all.

Mr. HANSON (York-Sunbury): Then what is the real difficulty?

Mr. GIBSON: The parliamentary assistant to the Minister of Finance has answered that question on two occasions.

Mr. HANSON (York-Sunbury): With due respect to the minister, I do not think he answered it at all. He just said it was a matter of policy on the part of the government, without giving any of the reasons lying behind that policy.

Mr. ABBOTT: I have tried to do it several times. I do not think there is any purpose in repeating what I said this morning. Would my hon. friend allow me to ask him a question? Does he think there are not sufficient funds coming forward now for prospecting purposes?—because that of course is all this section covers. It does not affect the individual prospector, as I tried to make clear this morning. It does, I presume, encourage some people to put money into prospecting. Does he from his own experience feel that

there is not enough money being put up for prospecting purposes? My own opinion is that there is.

Mr. HANSON (York-Sunbury): My experience would not be worth anything, because I do not come from a mining country and am not interested in mining stock. But those who ought to know and do know say that prospecting is dead. I think it was the parliamentary assistant who said that there were no men available for prospecting.

Mr. ABBOTT: My information is just the contrary. Every prospector in the country is working his head off.

Mr. HANSON (York-Sunbury): Somebody said there were no prospectors available. I do not believe that for a moment. I believe there will always be an opportunity for prospectors, and as the hon. member for Vancouver South said, after the war there will be many, within a year perhaps, who will want to engage in prospecting.

Mr. ABBOTT: That is the time to give the incentive.

Mr. HANSON (York-Sunbury): No; now is the time to give the incentive so that they will know what the position is.

Mr. ABBOTT: My hon. friend realizes that originally this was for one year only, for the 1943 period. This resolution proposes that it be extended for one more year. It is not a permanent part of our taxation legislation and the taxation that has arisen in this war. I should like to quote what the minister said with regard to mining company taxation in his budget speech. I think it is well worth repeating. At page 4182 of *Hanard* the minister said:

During recent months we have been urged to introduce a number of drastic changes in the tax structure as it affects the mining and oil producing industries. These industries are very properly considering their post-war position and the contribution which they can make to the solution of post-war problems. Needless to say, the government has very much in mind the need of a comprehensive and many-sided programme to encourage the efficient development of our natural resources and to assure that these industries will make the maximum contribution to the expansion of employment, national income and national wealth after the war. Natural resources, of course, are for the most part in the hands of the provinces, but the dominion, it is believed, can do much to promote full development and wise conservation. Tax policy may be one of the devices which it may appropriately use to these ends but it will be by no means the only one. The dominion's programme should be part of an integrated programme worked out in cooperation with the provinces. At the forthcoming dominion-provincial conference, this programme, it is proposed, should be discussed with provincial governments and agreement reached as to the contribution to be made by the respective levels of government.

For these reasons I believe that any radical changes in tax policy of special application only to the mining and oil companies would be premature at this time. The Excess Profits Tax Act already includes a special formula for the taxation of oil wells and gold mines. New companies in the metalliferous mining field enjoy a three-year exemption from excess profits tax. In last year's budget we made a number of important concessions to encourage exploration and drilling for oil and also made it possible for mining companies to write off exploration and prospecting expenses incurred in prospecting anywhere in Canada for base metals or strategic minerals.

That is the provision we are referring to now. I continue:

With this measure of encouragement the oil and mineral industries have been able to make a very important contribution to the country's war effort. They have also been willing to bear their full share of the burden of financing the war and they well recognize, I believe, that the need for war revenue continues at least as great and as urgent as ever. The changes I have announced in respect of income and excess profits taxation and the indications I have given in regard to future tax policy will apply to these industries as well as to other industrial enterprises and I hope that it may be possible to announce at the next session of parliament the comprehensive and integrated programme for the development and conservation of natural resources to which I have already referred.

This statement relates to the broad picture of taxation with respect to mining and other companies engaged in developing the natural resources. This particular provision is a limited incentive provision which was inserted in last year's budget provisions for one year only and which rightly or wrongly was felt should be extended for another year. I think my hon. friend from York West will agree—in fact he has already indicated—that this cannot be taken as a broad measure to cover encouragement in general to the mining industry. It was put in because last year it was desired particularly to encourage the prospecting for base metals and so-called strategic metals. That is all the section is. It is not a broad measure to cover the mining industry as a whole. I think it is desirable to renew it for another year. I think it should be considered along with other provisions when there is a discussion with the provinces as to the proper basis for mining companies as a whole.

Mr. HANSON (York-Sunbury): That means just stalling on the whole proposition. All that has been asked for here to-day is that the discrimination against the private prospector and his backer be removed.

Mr. ABBOTT: There is no discrimination against the private prospector. There may

be—I am not prepared to admit there is—some discrimination against the backer of the private prospector.

Mr. HANSON (York-Sunbury): I said "and his backer".

Mr. ABBOTT: My answer to that is, whether my hon. friend agrees with it or not, I think in such circumstances the incentive to abuse would be so great I do not believe it should be introduced.

Mr. HANSON (York-Sunbury): That means administration.

Mr. ABBOTT: Administration is a necessary part of any tax law, and if a law cannot—

Mr. HANSON (York-Sunbury): But it is not a fundamental part.

Mr. ABBOTT: If a tax law cannot be administered efficiently and fairly, so that the people will believe in it, in my opinion it is a bad tax law.

Mr. ADAMSON: I just want to refer to one point. The statement was made that there were enough prospectors. Referring to the official blue book containing the report on reconstruction, I find the significant statement that successful prospecting had almost come to an end after 1940. That is what has happened; successful prospecting has come to an end. I have tried to point out that the great boom in the Yellowknife was the result of a series of diamond drill holes, which may or may not mean a mine there. Until we have the definite development we cannot tell. I repeat that prospecting has virtually ceased in a great part of Canada, other than some special sections where I admit there is a good deal of activity at the present time.

Mr. ABBOTT: Certainly I cannot say with any personal knowledge whether or not prospecting has ceased. My officials tell me that according to their information that is not the case. Of course it may have been curtailed because of the man-power shortage, but I cannot say as to that.

Mr. SLAGHT: Will the assistant to the minister inform me whether I am correct in assuming that the write-off is designed to encourage prospecting in regard to base metals, and not in regard to gold?

Mr. ABBOTT: That is correct.

Mr. SLAGHT: Then I should like to make this contribution, if it be one, to the discussion. My experience is that prospecting has practically dried up. It is my view that prospecting for gold mines should be encouraged now, instead of waiting until the war is over. It has been said previously, and I do not want to go all over it again, that from the time the prospector is lucky enough or scientific enough to stake out a claim, at least four years must elapse before the mine can be brought into production. I took the trouble to elaborate on this point on another occasion; I am not going over it again, but I do not think anyone who understands mining will dispute that statement.

Mr. ADAMSON: Four years is a very short time.

Mr. SLAGHT: It is probably the minimum length of time, according to all our experience with silver in the old Cobalt days, with gold in the various gold camps, and with base metals. If it be right to encourage prospecting for gold, why should we wait until the war is over, and then have a further hiatus of four years before any more gold properties can be brought into production? After the war our friends to the south may not be as liberal with us as they have been up to the present in the matter of credit. They have given us splendid cooperation so far; we have been enabled to make goods for the mother country because the United States have given us credit for the raw materials we required. However, notwithstanding what may happen at Bretton Woods, in the natural course of events that cooperation will begin to taper off to some extent. Then we may be told again by the Minister of Finance, as the predecessor of the present minister, who is now Minister of National Defence, told the gold mining industry two or three years ago, "Spend your money. Increase your plants. Take on all the men you can. Produce every ounce of gold you can possibly produce to enable us to maintain our exchange with the United States at something like a reasonable level, because we have to do it." What is going to be the use of that if we are to be blacked out for a four year interval after the war? I do suggest to the Minister of Finance and his associates that this matter should be given some further consideration.

Now I should like to say a word about the suggestion that there are no prospectors available to go into the field, if they could do so under attractive conditions. It is true that there is a sprinkling of prospectors in the armed forces. Those in the north country who were of army age flocked to the colours; there was no more loyal body of men in the country. But there is a vast army of prospectors who are over military age, but who, because of their experience, are still extremely useful. Indeed, without throwing any stones at the younger men, I might say the older ones are

perhaps even more useful. If you take the trouble to go back through the statistics and look up the prospectors who have been most prominent in discovering valuable mineral properties of all types throughout Canada for the last thirty years, you will find that in the main the original discoveries were made by men of fifty years of age and over. In other words the old timer, of whom we speak in the mining camps, is still with us. If you would give him proper encouragement he would go all over the country carrying on his work. I want to join with those who have said that we have not understood the encouragement we ought to give those prospectors. I fail to appreciate why we should continue to encourage men to look for base metals, which we will require to a much smaller extent after the war, and at the same time refuse to encourage men to prospect for gold, which we will require to a far greater extent after the war.

Mr. JACKMAN: In rising to support the suggestions that have been made by various hon. members I should like to say that I hope the spirit behind this section will be embodied in our post-war taxation legislation. This house has been reminded already, but I will take time to repeat it, that eighty-four per cent of our mineral production is coming from mines discovered before 1920. As the hon. member for Parry Sound just said, prospecting is at a standstill, and nothing we could do would be better calculated to open up our great north country than to have more prospectors. However, I should like to direct my remarks to the suggestion that there should not be any substantial administrative difficulty in extending the benefits of this provision to the individual prospector who is backed by another individual or a small group of people. The parliamentary assistant has suggested that such a provision would be full of loopholes, that a father might send his son into the woods on a vacation, to fish, and he would be able to get an allowance in his taxation bracket under the pretext of having sent his boy out on a prospecting expedition. I do not believe such things are likely to occur. Of course there may be a few cases of that kind, but I do not believe their number would be at all substantial. I think the parliamentary assistant or the Minister of National Revenue, who is in charge of the enforcement of this provision, should outline some of the cases which they fear will deprive the treasury of a substantial amount of revenue.

Let us analyse the case of the father and son. Is a father going to give his boy $500, or some such amount, to go into the north country and spend his summer fishing, and then claim this $500 as a deduction from his income tax? In the first place that would mean that a father would have to be in collusion with his son in an effort to cheat the government out of a certain amount of money. I doubt very much if there are many fathers in this country who would be willing to conspire with their sons for such a purpose. I think the fears of the Department of Revenue are ill-founded. I heard just the other day of an interesting story about a saw mill owner who was said to have forty bosses and who operated at a loss. I could not understand how that could be, but it was explained to me that he was in the habit of taking logs out of the river which did not belong to him. His employees knew about that, and they proceeded according to their own ideas as to how long or how hard they should work. The result was that he was certainly worse off than if he had operated as an honest man.

I doubt very much if dishonesty would further any person in this game of sending a man into the north country, any more than it would in any other field. In my view the fears of the department are entirely without foundation, and I would ask for information as to other cases than that of the father and son, which has been mentioned. What man is going to give some other person $400 or $500 to go up to the north country to waste? People are not disposed that way. I should think any attempt at collusion would be pretty well confined to a family, and I have endeavoured to explain that the honour existing between father and son would be such as to prevent any great number of these cases at any rate. Furthermore, if the Department of National Revenue would undertake a few prosecutions, where there may be loopholes, they would soon find that there would be no more advantage taken of those so-called loopholes, and the result would be a stimulus to exploration and prospecting activity in this country, something which is so badly needed for the post-war period.

The department has admitted the principle that we need more prospecting in the north country. An extension is granted to companies and syndicates which are registered, but refused to individuals. I call upon the department to review its decision to exclude advances to individuals to encourage prospecting, as having been based upon ill-founded fears. The administration must not consider itself first, even if there are some who do slip through their meshes. The important thing is the matter of job creation, and the bringing of more production to the market, whether it be of minerals or any other commodity, which will help the standard of living of the people.

That is the important thing. We must recognize that man is not made for the budget, but rather the budget is made for man. And where there may be more production, it must not be restricted by considerations based upon ill-founded fears in the minds of officers in the Department of Finance and the Department of National Revenue.

Mr. BLACK (Yukon): The parliamentary assistant to the Minister of Finance has made it quite clear that the government will continue its policy of discriminating against contributions by taxpayers to individual prospectors. I do not think there is any mistake about that. To my mind that is a poor policy, and one which will not tend to increase mineral production in this country. I said in the first place that it was unfair, and I say it should not be continued. This morning I suggested to the government a very simple way in which they can remove the difficulty so far as the administration is concerned. It was my understanding that the Minister of National Revenue said that this provision of the Income War Tax Act, subsection 5 of section 8, will be extended to apply to the Yukon territory and the Northwest territories, as it does now to the provinces.

Mr. GIBSON: That is correct, yes.

Mr. GREEN: I can see the difficulty in the minds of the Minister of National Revenue and the parliamentary assistant to the Minister of Finance in understanding the pleas which have been placed before them to-day. From what they have said, they envisage the big man in Montreal or Toronto or Hamilton who puts up $100,000 or $50,000, or some other large sum of money—

Mr. ABBOTT: It is limited to $5,000.

Mr. GREEN: —to help out a prospector. But the situation we are asking the government to meet is entirely different. We are thinking of the small town of perhaps 500 or 1,000 people, where there are young men, or perhaps older men, who know the country, understand prospecting and are willing to go out and take a chance in the hope of finding a bonanza. That is the way the mines in British Columbia were found. As a matter of fact, in many instances these individual prospectors are in direct competition with the prospectors sent out by the big companies. Mind you, that is heavy competition, because the big companies in the event of a strike in a district may send out twenty-five or fifty employees to stake everything in sight. In some cases they keep the little fellow right out of the field.

[Mr. Jackman.]

We are asking for help for the individual prospector who will go out from the small towns. In the first place, we think his backer, the local merchant who puts up the food or an amount of cash, should be entitled to this tax credit. I go further and say that the man himself who goes out should be entitled to his expenses as a credit. This morning the parliamentary assistant said that he thought that was already done. I am informed that it is not. The prospector spends his money in the purchase of food and mining equipment, but does not get any credit.

Mr. ABBOTT: The deputy minister tells me that under those circumstances a man is entitled to the expenses entailed in earning his income.

Mr. GREEN: But is he entitled to his food? Is he entitled to the amount he pays for food?

Mr. ABBOTT: He is entitled to ordinary equipment, whatever expense he incurs, just the same as you and I as lawyers are entitled to our expenses in earning legal fees.

Mr. GREEN: But we are not entitled to the cost of our food. This man would be going out and taking a chance. For instance, let us consider the man returning from the war who has a small amount of money coming in from other sources, which will be taxed very heavily. There is no chance that he will use that money to go out and risk it in the hills. I suggest he should be given a tax credit just to aid him in prospecting. Those are the cases we are worried about.

Mr. ABBOTT: Upon what does the hon. member say he should get a tax credit?

Mr. GREEN: For his expenses.

Mr. ABBOTT: He gets that now. From what would it come?

Mr. GREEN: Well, if we can be sure he gets it, that helps.

Mr. ABBOTT: He does get it.

Mr. GREEN: But I do not think he does.

Mr. ABBOTT: This section gives tax assistance to the man who puts up the money to help some person to do the prospecting.

Mr. GREEN: I am referring to the prospector himself; does he get an allowance?

Mr. GIBSON: Does the hon. member mean a credit from the income he earns from his prospecting?

Mr. GREEN: In making out his income tax return each year, does he get credit for what he had to spend in order to equip himself to go out prospecting?

Mr. GIBSON: If he has earned income from his going out and prospecting, he does. That is what he can deduct expenses from, namely, the expense incurred in earning that income.

Mr. GREEN: In many cases the prospector goes out but does not earn an income.

Mr. GIBSON: Then he is not taxable. What could he put the tax credit against then?

Mr. GREEN: Any other income he has.

Mr. GIBSON: No; he cannot do that.

Mr. GREEN: Then he is not getting any help at all under the present law. That is the picture. I cannot understand why you help the big companies but will not help the little fellow. So far as we are concerned that is all wrong and certainly should be remedied.

Mr. ABBOTT: May I just make one point clear? My hon. friend has referred to the big companies, but if he will look at the resolution he will see that they are not necessarily big companies. A big company may get the benefit of it, but it says:

That the tax credit allowed to a taxpayer of forty per centum of contributions made by him in the year 1943 to associations, syndicates or mining partnerships registered or otherwise recognized under the law of any province in Canada.

That is pretty broad. Take the case of a small town, such as my hon. friend mentioned, and of a group who want to grubstake a prospector. It is perfectly open to them to register as a mining partnership in accordance with the law of the province. They can put their capital into this partnership, and the partnership may engage a prospector and grubstake him to go out. Contributions or payments to a mining partnership, a prospecting syndicate or whatever you want to call it, would qualify under this section. The limitations under the section are twofold. First, there is a restriction as to base or strategic metals, and we had some discussion on that point. Second, the credit is not allowed in the case of contributions made to individuals. It has been urged strongly by the hon. member for Yukon and others that this credit should be extended to contributions or subscriptions to individuals. I have endeavoured to put forward, perhaps unsatisfactorily, the reason why it was decided last year after consideration that that should not be done, and that the same considerations ruled this year. But that is the only limitation. As I have pointed out, it covers associations, syndicates or mining partnerships registered or otherwise recognized under the laws of any province of Canada.

Mr. GREEN: The parliamentary assistant stated this morning that he is opposed to this tax credit because in the large cities promoters are using it for their own purposes.

Mr. ABBOTT: Please do not misquote me. I did not say they were using it. I expressed my personal opinion, which I have always had, that it gave a certain amount of incentive to stock promoters to form these syndicates or associations for the purpose of getting subscriptions from the public on the ground that they would be partly exempt from taxation. That is only my own personal opinion. I think that objection is more than overcome by the desirability of encouraging this work.

Mr. GREEN: That objection would not be applicable in the case of a merchant in a town who advanced money to a prospector.

Mr. ABBOTT: There are other objections that are equally strong.

Mr. GREEN: In that case it is not a question of financing or floating a company.

Mr. ADAMSON: I am going to move an amendment to this resolution which I think will resolve some of the difficulties we are up against. I move:

That the word "base" be struck out of clause 30.

Mr. ABBOTT: I am not an expert on parliamentary procedure, but I think this is a money resolution, and if it is—

Mr. HANSON (York-Sunbury): It is a tax resolution; it is not expending money.

Mr. ABBOTT: I am in the hands of the committee.

Mr. HANSON (York-Sunbury): That is a new doctrine, that a private member cannot amend a tax resolution. I have seen it done fifty times.

Mr. GOLDING: Not if it increases—

Mr. HANSON (York-Sunbury): The hon. member is no authority on anything as far as I am concerned. If he will just keep quiet I will explain my position. If this resolution provided for the expenditure of public money, then the parliamentary assistant's point might be well taken.

Mr. ABBOTT: The hon. member is attempting to amend a tax exemption.

Mr. HANSON (York-Sunbury): A resolution providing ways and means of raising money is in an entirely different category.

Mr. ABBOTT: This is a resolution which provides a tax credit.

Mr. HANSON (York-Sunbury): This resolution is the reverse of one to raise money; this resolution gives some relief.

Mr. ABBOTT: It affects the revenue.

Mr. HANSON (York-Sunbury): I do not agree with that. If that is to be the case we might just as well fold up and go home as far as these tax resolutions are concerned. It will be ridiculous if parliament is to be hamstrung in that respect. The rule is that no one but a member of the government can introduce such a resolution, but that does not say that we cannot amend it. I have seen time after time motions put in committee of the whole to reduce an item in the estimates to one dollar.

Mr. GOLDING: That is in order.

Mr. HANSON (York-Sunbury): Thank you for the commendation; I am glad to hear that you agree with me. This amendment is of the same nature.

Mr. KNOWLES: May I rise to a point of order?

Mr. HANSON (York-Sunbury): I am not through yet.

Mr. KNOWLES: I was going to help you.

Mr. HANSON (York-Sunbury): I hope you are, but wait until I am through. I am a little fearful of help from that quarter, but I will welcome it if it is genuine. The illustration I gave about reducing the estimate is I submit on a parallel with this amendment. I hope the parliamentary assistant will not be serious in pressing his point of order.

Mr. ABBOTT: An amendment to reduce an estimate simply provides that we spend less money, and it is open to any hon. member to move such an amendment. But this resolution affects the revenue. If the exemption is extended to other classes than have been provided, then the revenue will be affected. I prefaced what I said with the remark that I am no expert on parliamentary procedure but I have always understood that a money resolution or a resolution affecting the revenue had to be introduced by a member of the government and had to be preceded by the formula we have listened to on many occasions, that it has been communicated to His Excellency the Governor General, and so on. This is a resolution which affects the revenue. The suggestion made by the hon. member for York West would have the effect of diminishing the revenue which would be

received under the Income War Tax Act. If that is so, then I think it would be out of order.

Mr. BLACK (Yukon): I suggest that we should know just what the amendment is.

The CHAIRMAN: It is moved by the hon. member for York West that the word "base" be struck out of clause 30.

Mr. KNOWLES: Whether or not a point of order has been raised, I should like to refer to citation 502 in the third edition of Beauchesne's Parliamentary Rules and Forms. I am not discussing the merits of the amendment moved by the hon. member for York West, but I should like to read this citation:

> A private member may move that certain specified taxes be readjusted and that the scope of tax exemptions be enlarged.

Mr. HANSON (York-Sunbury): On the point of order again, the parliamentary assistant has correctly stated the position that no one but a member of the government can move a money resolution, but I have never heard it advanced that a private member could not move an amendment to that resolution.

Mr. JACKMAN: Perhaps they will be less stubborn about making changes.

Mr. ABBOTT: I do not know whether the hon. member for York West had concluded what he had to say, and perhaps I should not have interrupted him. After he has completed his remarks I would prefer that the committee allow the resolution to stand until the minister is able to be here.

Mr. ADAMSON: I want to make two short statements. The Australia act describes exactly what a prospector is. It is not easy to be a prospector. There are prospectors' associations in the various provinces which are very jealous of their good name. If the government are going to cooperate and allow a credit for money spent in prospecting, then I think they will find the prospectors' associations and the mining associations extremely jealous. They will be careful to see that their good names are maintained and that no money earmarked for prospecting is spent in any other way. To that extent I am certain of the genuineness of the prospectors' associations.

Now I come to the amendment. A prospector goes out into the field. In our complex geological structure he may be looking for anything—copper, zinc, molybdenum, tungsten or half a dozen other base metals, and he may find a showing of precious metals mixed with base metals. Nickel is a case in point, also

Noranda and Hudson Bay Mining and Smelting. All have a definite precious metal content in their ores. Frequently base metal mines have started out because it was thought they were precious metal mines. If you continue to have this limiting clause, when a prospector finds a showing of precious metals when he is out looking for base metals, he will turn it down because he can get no allowance.

Mr. ABBOTT: The individual prospector gets no concession under this. It is his backer that gets it.

Mr. ADAMSON: In nearly every case you will find that the prospector is in part his own backer.

Mr. ABBOTT: If he found a showing of precious metals I doubt that he would quit simply because he could not get the benefit of this exemption.

Mr. ADAMSON: It depends on the showing. You can never tell what you are going to find. In some gold areas some of our biggest base metal mines have been discovered, and vice versa. That is why I say that this amendment should be given very serious consideration.

Mr. ABBOTT: The section might stand until the minister can be here. But I just want to say one word about the individual prospector. I am advised that no prospectors' association has requested that this concession be given to the individual prospector—not one. Mrs. MacMillan is the president of the Dominion Prospectors' Association, and her association has never requested that this be extended to the individual prospector. I am advised that one reason why they have not done so is that they feel it might bring the section into disrepute and result in the concession being withdrawn entirely. I just wanted to get that on the record.

Mr. HANSON (York-Sunbury): They are fearful of abuse.

Mr. ABBOTT: These prospectors' associations, as the hon. member for York-Sunbury knows, are extremely well organized in each province, and we have had no request from a single prospectors' association that this concession should be extended to the individual prospector.

Mr. BLACK (Yukon): You have this request from the members of this house.

Mr. ABBOTT: Yes, but we have had no request from any of the associations referred to.

Mr. STIRLING: These associations might not be interested in private individuals, merchants and others, who desire to grubstake the prospectors.

Mr. ABBOTT: I would think that most of the prospectors would be members of the associations and therefore that the associations of prospectors would be interested in the backers of individual prospectors to have this concession extended which is given to syndicates and partnerships. I just wanted to point out that we have had no such representations from any of these associations.

Mr. ADAMSON: I am surprised, because that certainly is not the story that was intimated to me.

Mr. ABBOTT: That is the information given to me by my officials.

Mr. NOSEWORTHY: I do not know, Mr. Chairman, whether it is in order for us to discuss the amendment until you have declared whether or not it is in order.

The CHAIRMAN: I have not yet given my decision, but it would be in order for the hon. member to speak to the amendment in the meantime.

Mr. ABBOTT: In any case I have asked that the resolution stand, so that the minister himself might consider the amendment.

Resolution stands.

31. That one-half of expenditures on maintenance and repairs incurred by any taxpayer carrying on a business (or an underground development, in the case of a taxpayer operating a mine) in a period to be fixed by order in council be regarded as deferred maintenance and repairs and be deductible as an expense, at the option of the taxpayer, either in the year or fiscal periods when incurred or in years or fiscal periods ending subsequent to December 31, 1942.

Mr. HANSON (York-Sunbury): This is a very important matter which was referred to by the Minister of Finance in his budget speech. His remarks will be found at the beginning of the last paragraph on page 4181 of *Hansard*. Just to refresh the minds of hon. gentlemen I am going to read what the minister said, and make, I hope, a few appropriate comments. He said:

> Another point at which our taxes on business income have gone beyond the taxation of true income, is in the matter of expense for maintenance and repairs.

That is a sad admission, that the taxation policy of the country has in that regard gone

beyond the taxation of true income; that is, it is violating the real principles of taxation. The minister went on:

For the past two years, in certain industries at least, it has been impossible, by reason of shortages of material and labour and the necessity of continuous operations—

That is in industry itself.

—to carry out the maintenance and repair work that would be normal and necessary to prevent the deterioration of plant and equipment.

That is quite true; there is no doubt about it, and I would say that it goes beyond the past two years. The minister went on:

As a result, deferred maintenance expense is accumulating, and, in the meantime, profits are inflated because full maintenance is not charged.

That I think is a true statement of the position. Apparently the minister's advisers are properly informed of what the position is. The only remark I would make about that is that it is an understatement of the position. Full maintenance is not charged, deferred maintenance expense is very rapidly accumulating, and profits are thereby tremendously inflated and are taxed improperly, taxed in some cases 100 per cent less the 20 per cent refundable. That is a serious indictment against the present taxation structure. The minister goes on to say:

We have tried in the past to find some equitable formula for permitting the setting up of a maintenance reserve, but it is extremely difficult to devise one which will fit the varying circumstances of all industry.

I suppose that is an administrative difficulty, but I see no difficulty in devising a formula that would operate for a particular industry, and I do not understand why it has not been permitted before. The minister goes on:

We are now recommending a provision for the future which I hope will meet the problem in at least a partial way—

I suggest that that is not good enough. I characterized it in my address on the budget as a pseudo remedy, and I adhere to that term for lack of a better one. Here you have an admission by the minister of a weakness in the tax structure and that he is attempting to meet the problem merely in a partial way which will speed up the work of plant repair in a period when additional employment may be needed. What is the proposal?

The proposal is that one-half the expenditure on maintenance and repairs, incurred in a period to be fixed by the governor in council—

I pause here to criticize the giving of authority to have the period fixed by the governor in council. How can the governor in council—which means the Department of National Revenue, which means the commissioner and his staff—know what is to be the appropriate period? Yet they make the final and only decision. The man who should be able to fix it definitely in his own particular case is the man who wants to catch up on the deferred maintenance, not a government bureau. What is the parliamentary assistant's answer to that indictment of bureaucratic power, a power which is reserved in this resolution, purposely and with intent aforethought, according to the minister's statement as it appears at page 4181. They are to hold the strings in their hands, and if their opinion differs from that of the proprietors of the business, then the latter are overruled and the department is the sole judge. I continue the quotation:

—may be charged against the income of a previous fiscal period but not farther back than the fiscal periods ending in 1943. In the case of the mining industry, maintenance and repairs will be held to include also underground development work.

I am not concerned about that at the moment. Now I submit that we are entitled to a much fuller explanation than is contained either in the minister's statement or in the resolution before us. The resolution before us takes an arbitrary half of the expenditures on deferred maintenance and repairs and carries into effect this period to be fixed by order in council and to be deductible as expense at the taxpayer's option in any fiscal year within the limitations mentioned. We should have a thorough explanation of this half remedy, according to the minister's own admission. I call it a pseudo remedy, because it is not a real remedy at all but a partial remedy. Perhaps his language is better than mine. It is a partial remedy for what he admits, in his statement at page 4181, to be an evil in the tax structure. He admits that the tax structure on business income has gone beyond the true measure of taxation on true income. That is a damning admission, in the minister's own words, that they have overtaxed companies in previous years. They have not allowed sufficient sums to take care of what is a necessary provision for maintenance and repairs, which must be deferred because of the lack of labour or perhaps equipment.

Mr. ABBOTT: That is why it is being corrected now.

Mr. HANSON (York-Sunbury): Yes, but it is only to the extent of one half of what it ought to be.

Mr. ABBOTT: Oh, no.

Mr. HANSON (York-Sunbury): Oh, yes. The parliamentary assistant can explain it if he likes.

Mr. ABBOTT: You can have it one half in one year and one half in another.

Mr. HANSON (York-Sunbury): I would like to have that explanation, because I am trying to understand this as well as to indict it.

Mr. ABBOTT: You had better do the former first.

Mr. HANSON (York-Sunbury): I am strong on denunciation, because it is the only way to get at the truth—that and cross-examination. You cannot get it by mealy-mouthed phrases or polite invitations. You never get anywhere. We have not got anywhere to-day on resolution 30, which was allowed to stand. Indeed, that was the very reason why 30 was allowed to stand—that it is discriminating against one class and in favour of another. My view is that we are never given the actual facts and the underlying reasons for any move on the part of the administration. They are afraid to reveal their hand. I will illustrate that. A supporter of this government this morning, when we were discussing that provision—this is by way of a digression and I hope the chairman will not stop me—when we were considering section 28 dealing with the requirement to file returns showing interest credited to depositors in 1944 and subsequent years, revealed to me the real reason. The real reason is that the government wants to know who has money in the bank so that it can send the national victory loan people and make these people buy victory loans. That is the real underlying reason. They will deny it, but there is a lot of truth in that.

Mr. GIBSON: That is entirely wrong, because the income tax division does not tell other departments of government what information it receives from the banks or anyone else.

Mr. HANSON (York-Sunbury): I suppose I have to accept the minister's statement, but that was the opinion of one of his supporters.

Mr. GIBSON: It is quite incorrect.

Mr. HANSON (York-Sunbury): Well, it may be incorrect, and perhaps I am unduly suspicious, but I would not be doing my duty as an opposition critic if I did not have some suspicion of this administration, or any other.

Mr. JACKMAN: It is justifiable.

Mr. HANSON (York-Sunbury): In many cases it is justifiable. I will not waste more time on that because I think I have made my point.

To come to section 31 of the resolution, I do not wish to go over the whole ground again, but we have first of all a frank admission on the part of the Minister of Finance that they have been doing an injustice through the tax structure to corporations and companies.

Mr. ABBOTT: Only if perpetuated. Be fair.

Mr. HANSON (York-Sunbury): I beg your pardon?

Mr. ABBOTT: Only if it is not corrected.

Mr. HANSON (York-Sunbury): I do not see the applicability of that.

Mr. ABBOTT: I shall have a word to say on that.

Mr. HANSON (York-Sunbury): I read the English language and I try to understand it and I think I have some realization of the value of words. He says:

> Our taxes on business income have gone beyond the taxation of true income.

Mr. ABBOTT: But that is because they have not been able to get materials to do repairs, and we are recognizing that fact.

Mr. HANSON (York-Sunbury): You do not have to lecture me on that. I know the reason why. The parliamentary assistant objects to my stopping at that point; I see that. They have not allowed proper reserves to be set up in days gone by as operating charges to come off operating income and as a result they have taxed beyond what is true income. That is my indictment against this administration, and that is true all along the line. I have a whole sheaf of comments here against the entire tax structure, and the best indictment I have against it comes from the greatest defender of the administration, the Winnipeg *Free Press*. I may take occasion to put that indictment on the record before I am through. The *Free Press*, in a series of articles, indicts the whole tax structure of this government, so far as income tax is concerned, in language that is stronger than any I would use, and it added counts in the indictment that I would not. In the course of their indictment of the government's tax policy they have charged, under the fourth weakness of the system, the method of collection. "The fourth weakness in our system is in its method of collection." I am not indicting the government for that, because I made a number of investigations of it and I had some reassurances. This indictment in the Winnipeg *Free* Press was published in March of this year. It contains at least three of the most damning indictments that I have ever heard put forward to the public of this country, and it is published by one of the

strongest supporters of this government. They may have some underlying reason for this indictment; I do not know. I am not in the confidence of the Siftons, but on the surface it speaks for itself.

Let me call this to the attention of the Minister of National Revenue. The first count in the indictment is that our tax laws are undemocratic. That is a very general statement.

Mr. ABBOTT: Is that on this resolution?

Mr. HANSON (York-Sunbury): I think I can talk about taxation on this resolution.

The CHAIRMAN: We must have reached the stage now after so many months of the session where we should keep within the ambit of the resolution that is before the committee.

Mr. HANSON (York-Sunbury): I wish to conform to the rules of the house. Will the hon. member across the way stop muttering? I have the floor. If he wants to say anything let him rise. He is only the temporary chairman of the committee of ways and means; he is not the permanent chairman.

Mr. GOLDING: You are doing yourself credit.

Mr. HANSON (York-Sunbury): I hope so; I never talk foolishly in this committee.

Mr. GOLDING: You sit there and interrupt all the time, and if anybody else says anything you crack down.

Mr. HANSON (York-Sunbury): If you have anything to say about me, get up in your place and say it and I will answer it.

Mr. GOLDING: I am saying it sitting down.

Mr. HANSON (York-Sunbury): On the point of order that has been raised—will you be good enough, Mr. Chairman, to ask the hon. member to stop muttering and interrupting me. He has nothing to say that is worth listening to. I am making a reasoned argument. If I am in order I propose to go on; if I am not I shall confine myself to the section. But I do submit in all fairness that we are dealing with a question of taxation and administration of taxation, and under that heading I am entitled to give my views and the views of others that have been communicated to me as to the injustice of our taxation system.

Mr. ABBOTT: That could be done under any section of the resolution?

Mr. HANSON (York-Sunbury): I think it could. I think you can attack the system of taxation under any section.

[Mr. R. B. Hanson.]

Mr. ABBOTT: Again with deference I would differ, but perhaps I am wrong.

Mr. HANSON (York-Sunbury): I am going to conform to the Chairman's ruling. If he says I am wrong I will not pursue the point any farther, but I shall have something to say on it later.

Mr. ABBOTT: It can be said on the second reading of the bill.

Mr. HANSON (York-Sunbury): The parliamentary assistant is quite right about that. If I am not permitted to say it now I shall say it then.

Mr. ABBOTT: I do not want to interrupt my hon. friend, but if we can have the general criticism on the second reading of the bill perhaps it would facilitate the resolutions.

Mr. HANSON (York-Sunbury): Before the Chairman rules I shall answer that by referring my hon. friend to what the Minister of Finance said about this very proposal at page 4181 of *Hansard* when he delivered his budget speech. He was referring to the point I have raised. This is what he said:

> . . . our taxes on business income have gone beyond the taxation of true income. . . .

Using that basis laid down by the Minister of Finance, under which this resolution is brought in, I propose to indict the taxation system, if I am permitted.

The CHAIRMAN: On the point of order, in the committee of ways and means it is easy for hon. members to have a general discussion on almost any resolution but it is not conducive to celerity. The hon. member for York-Sunbury knows the rules better than I do myself—

Mr. HANSON (York-Sunbury): I would not say that.

The CHAIRMAN: He realizes that I am the last man who would try to curtail discussion. I am in the hands of the committee. I know they want to play fair in their deliberations. It is absolutely impossible to have ironbound rules. However, I believe at this stage of the deliberations it should be possible to keep within the ambit of the resolution before the committee and avoid general discussion not germane to the clause.

Mr. HANSON (York-Sunbury): Then I take it if I keep within the ambit of the subject matter of the resolution I am in order in proceeding, and I shall be glad to do so.

I lay down the first indictment against the proposal as outlined by the government's

friend, the Winnipeg *Free Press,* that our tax laws are undemocratic. This is what the *Free Press* says:

In the Minister of National Revenue—which actually means in his deputy and other officials—

I hope the minister is not just a figurehead, but that is the implication here.

—the law vests almost dictatorial powers.

That, of course, is the gravamen of the charge, and I think there is a large measure of truth in it.

—almost dictatorial powers; and not only dictatorial powers but sweeping powers of discretion.

I say it is an axiom of any taxation statute that the right to tax must be clear and explicit as against the subject; unless it is, the courts of this country will not give effect to the power to tax. That is one of the fundamental principles of the right of the crown to tax the subject. That has been departed from so frequently and to such a degree in the growing powers of income taxation that we have in this country that it calls not only for an immediate halt but for reform, which is long overdue. I have not the section of the act before me, but in a given case certain government bureaux of this country are entitled to impose taxation that is not imposed by the statute itself; not only that, but to fix the rate and the incidence of taxation. That is taxation outside of the borders of the statute itself. That was done, it was said, to meet a special case of tax evasion. I think that was the reason for it, and there is some basis for that reason, but why give it to a group of men, no matter how much confidence we may have in their personal character? It is wrong in principle to give power such as that to a group of men when parliament has not even been consulted about it. This article goes on to say:

In a democratic country the citizen should never be subjected, if law can prevent it, to the varying opinions of officials, however sincere—

That is exactly what I have been saying in other language. That is the position to-day. In this country citizens are subjected to the varying opinions of officials and perhaps to the varying opinions of the same officials; although I am bound to say I have not before me an instance that would justify me in being dogmatic about that statement, because I have found that once a decision is given it is like the law of the Medes and Persians; they very rarely reverse themselves. They think it is not proper to do so. Well, let me say to the minister that in one of the greatest courts the world has ever seen, the Supreme Court of the United States, they do reverse themselves. We are not so good at that sort of thing in Canada, we are so bound by precedent; but in reading the history of the Supreme Court of the United States and its place in the history of that country I have been struck by the number of times that that court has reversed itself. I do not think that ever happens in the income tax department of this country.

Then the article refers to the matter which I brought up in this house last week, namely, the inadequate system of appeals against the arbitrary decisions of tax officials. That is the language of the *Free Press,* not mine. I did not go as far as that, nor am I going as far as that now. It was the system of appeals that I was objecting to, which the parliamentary assistant characterized, I think, as an empty gesture, or something to that effect; at least, that it was not worth while.

Mr. ABBOTT: I said the worst that could be said about it was that it was a bit of waste motion.

Mr. HANSON (York-Sunbury): I cannot remember the words my hon. friend used, but I know he gave half-hearted assent to my proposal. The Minister of National Revenue proposed to perpetuate that system making him the sole court of appeal, if I understood him correctly last week, but having a group of technical advisers around him, which of course does not meet the point at all. The next point made by the *Free Press* is:

Again, twenty-six years after assessing a citizen for taxes, the government can reopen the account and, saying it was mistaken in the first place, force him to pay more taxes for years long past.

That has not been amended, except with respect to men overseas, and for that much consideration we give thanks.

Mr. GIBSON: That has been amended.

Mr. HANSON (York-Sunbury): There should be some limitation. I point out that this is not permitted in Great Britain or the United States. I think that is based on the theory that the principle of estoppal does not operate against the crown. I never could understand why that should be so, why the principle of estoppal should not operate against the crown as it does against me as a subject. It is a survival of the old days when the crown was supreme, when it could do anything it liked and was not amenable to the ordinary laws of the country. The doctrine that the principle of estoppal should not apply against the crown should be thrown into the discard immediately, for it is a denial of justice.

Mr. GIBSON: Perhaps the hon. member has not read resolution No. 20.

Mr. HANSON (York-Sunbury): I have read it but perhaps I have not comprehended it fully. You know, they were passed through within three minutes after the house met the other evening, before many hon. members got to the chamber.

Mr. ABBOTT: But we went back to a number of them.

Mr. HANSON (York-Sunbury): To No. 15.

Mr. ABBOTT: And two or three others.

Mr. HANSON (York-Sunbury): I have looked at resolution 20, and I am corrected to a degree; but if I am permitted to say what I would have said if I had been here when that resolution was called, I suggest that the six year limitation should date from the filing of the assessment, and not from the assessment itself.

Mr. ABBOTT: The hon. member for Rosedale put forward that argument the other night.

Mr. HANSON (York-Sunbury): He is putting it forward again through me now, and that is the criticism I am going to make. This change has partly taken care of the objections of the *Free Press*, and I am not going to labour the point further. On the other hand, supposing after I pay my tax I find that I have overpaid; what right have I to ask the government to reopen my assessment? I think they would do it; I have enough faith in the fairness of the administrative officers of the department to believe that if I could show that I had made an overpayment they would reopen the case and give me a refund, but there is no right on the part of the subject. I think that is a correct statement; and as a corollary to the crown's right to reopen, provision should be made for the subject's right to reopen. That would seem to me to be a balanced position.

Then the provision for refunds is discretionary. Well, I think the *Free Press* is wrong when it says the government "may" make the refund; I would believe the word "may" as it applies to the crown in effect would be mandatory, and that they must make the refund, so that I am not going to add that count to the indictment against the government.

There is this matter of the charging of interest on deficiency payments. I could tell a long story in that connection, but I hope the matter is going before the courts, so that I am not going to deal with it here. But if the government charges interest on deficiency payments why should it not allow interest on overpayments? That is a point which I think cries for reform, and I do hope the officials will give effect to that change. It seems to me that is only fair and just. It used to be that if you made an overpayment you got a refund, if the assessment was made within a reasonable time. To-day they put the overpayment to your credit for the next taxing year, long before it is due. That reminds me of the story told me by an old Irish woman who was employed to do the washing in my mother's home; she was paid so much per diem—not so much either, in the light of what is paid to-day. She had to use a certain portion of that money for the final repose of her husband's soul, a most exemplary thing for her to do. I was just a lad, and I asked how she knew when the payments were completed. She replied that she never knew, but that if she overpaid it went to the credit of her next friend. That was her opinion; it may be wrong, but that is the story of which I am reminded. In this case the government exercises some option the authority for which I cannot find in any statute, and instead of making a refund of the overpayment it is credited to the tax for the next year, on the theory that during the time that has elapsed you have again become indebted to the crown, although the amount is ascertained.

Mr. GIBSON: They are entitled to their money at once if they want it.

Mr. HANSON (York-Sunbury): Then why, without asking, do they put it through as a credit for the following year?

Mr. GIBSON: They get their assessment; they are shown that it is to their credit, and if they want it back immediately they can have it.

Mr. HANSON (York-Sunbury): I can show the minister an assessment on which it is indicated that there has been an overpayment, with the statement that it is carried forward to the next taxing year.

Mr. GIBSON: That is quite all right; it is just a matter of convenience. If the taxpayer wants it back he is entitled to it.

Mr. HANSON (York-Sunbury): I say it is not quite all right at all; the money should come back with the assessment. That is what a business firm would do. If I sent a cheque in payment of an account and overpaid it, my creditor on discovering the error would receipt the bill and return the excess payment. If he did not I would think he was a pretty poor citizen. That is all I am going to say on that point.

Then, of course, there is the second indictment, which is the strongest of all; that is, the injustice of a system which taxes the same income twice. I suppose it is perfectly useless to argue this point here, but I know it is a great injustice. We passed a convention the other day one of the objects of which was to prevent triple taxation, but as far as I can see no one has raised his voice against the injustice of double taxation. I well remember when that system of double taxation was introduced in this house. I should like to commend to the taxing authorities of this country a review of the position in Great Britain and of the effect of the system here. I have in my hand a little pamphlet which has been compiled just recently. I am not going to read any part of it; I have not time to do so, but I commend it to the taxation authorities. It is a memorandum on the relationship between an incorporated company and its shareholders, and in regard to the incidence of the United Kingdom income tax and surtax. It is prepared by Mr. Raymond W. Needham, one of His Majesty's counsel, and a bencher of the Middle Temple. It has to do with this matter and kindred subjects.

It would be perfectly useless for me to argue the point of double taxation now. But until there is a review of the tax structure in this country, and until some indication is given to the business world as to what the taxation system is to be in the immediate post-war period, nobody can plan for the post-war world so far as industry is concerned. They cannot plan as to what they shall do. I know companies that are just waiting to know what the post-war policy of taxation will be. I made a speech in the house on the budget debate and touched upon that point. I have recalled that the Minister of Finance made the statement that no government could bind its successors. In a general way that is true. But any government, visualizing the post-war period in this country, should indicate at least what its views may be in the post-war period in respect of taxation. I talked that matter over with one of the biggest executives in Canada. If I were to mention his name he would be recognized at once as one of the soundest business men in Canada. I gave him my speech to read, and when he had finished he said, "You are absolutely right. In the businesses of which I am chairman"—and he named three big companies—"we do not know what to do with regard to the post-war period, until there is some announcement as to what post-war taxation is to be, and with regard to improving conditions to make employment for people who are coming back to industry." This is a matter of vital importance to Canada, but nobody is giving any consideration to it, and least of all the government of the day.

Mr. ABBOTT: It has been given constant consideration.

Mr. HANSON (York-Sunbury): Well, then, they are hiding their light under a bushel. They may be giving theoretical consideration to it. The only thing we are getting is a saturation of taxation—and we certainly have got that. I am going to tell the parliamentary assistant and his colleagues on the treasury benches and members of this government who are now in the chamber that they will know what the public think about it at the next election—make no mistake about that.

Mr. MACKENZIE (Vancouver Centre): Don't commence to boast.

Mr. HANSON (York-Sunbury): I am not commencing to boast or to threaten. I am just stating the facts as I hear them from every point, and as I will hear them right in Vancouver Centre.

Mr. MACKENZIE (Vancouver Centre): I will take my chances with you any day.

Mr. HANSON (York-Sunbury): Come on down and we will fight it out. I will take one side of the ring and you can have the other.

Mr. JACKMAN: And with one hand tied behind your back.

Mr. ABBOTT: You do not want to pay until it hurts any more.

Mr. HANSON (York-Sunbury): As far as I am concerned I am paying.

Mr. ABBOTT: And so am I.

Mr. HANSON (York-Sunbury): I am paying because I want to help. But I am afraid there are a lot of people in this country to-day who do not want to pay. I listened to the speech of the hon. member for Richelieu-Vercheres in this house either last session or the session before; I have listened to speeches from other parts of the house, and I have come to the conclusion that there is a certain amount of public opinion in this country that neither wants to pay nor wants to fight to win this war. And that is a pretty sad thing to contemplate.

Mr. GIBSON: Are you arguing that now?

Mr. HANSON (York-Sunbury): No, I am condemning it.

The CHAIRMAN: Order.

Mr. ABBOTT: Taxes are too high, are they?

The CHAIRMAN: I have given a lot of latitude to this discussion.

Mr. HANSON (York-Sunbury): Thank you; I realize that.

Mr. MACKENZIE (Vancouver Centre): He is taking it.

The CHAIRMAN: I am in duty bound, however, to consider the rules, and to have hon. members in the committee observe them as closely as possible. Surely the hon. member for York-Sunbury will realize that most of the discussion—although he has made a fine speech, and all that—was not relevant to the subject matter of the resolution.

Mr. HANSON (York-Sunbury): Thank you, Mr. Chairman. It will be understood that the last five or ten minutes has been the result of interjections by the Minister of National Revenue. However, I am going to take the chairman's hint, and not wear out my welcome—or perhaps it is not a welcome.

The third point is an indictment against the question of annuities. We shall have something to say about that when the section is under consideration.

Mr. JACKMAN: There is no section.

Mr. HANSON (York-Sunbury): Well, we shall have something to say about it at some appropriate time, because I understand the government is setting up a commission to investigate the whole matter. On that point I should like to know just when that is going to happen. Why is the commission to be set up? I should have thought the department would have had all the facts and could have evolved a formula to submit to parliament. Apparently there is some disagreement. However I am not going on with that.

I am leaving out the fourth point in the indictment in connection with the intolerance and injustice of our tax system as portrayed by the Winnipeg *Free Press,* a friend of this government. I hope the government will listen to it, and I hope each member of the government has read it.

I shall now return to a brief discussion of the resolution.

An hon. MEMBER: Hear, hear.

Mr. HANSON (York-Sunbury): Well, I hope I have not been foolish in what I have said to-day. I hope it has been informative. It is something I have thought about for a long time, and something I have thought should be said in the house. I did not hear anyone saying it. It was in the same position as the indemnities question. I pointed out last week that what I had said about indemnities was what we were all thinking.

[The Chairman.]

Mr. McLEAN: No.

Mr. HANSON (York-Sunbury): Well, most of us. I know the hon. member for Simcoe East does not agree with me. But ninety per cent of the members agreed with what I said about indemnities.

Mr. McLEAN: What is the hon. member's authority for the figure of ninety per cent?

Mr. HANSON (York-Sunbury): I gathered that in a general way, because of the support I got in the house. All parties spoke for it. There was support from all shades of political opinion.

Mr. McLEAN: But only about ten spoke.

Mr. HANSON (York-Sunbury): The others did not have a chance. Some members never speak in the house, but that does not prevent their revealing what is in their minds.

To get down to resolution 31, I should like to have an explanation from the government as to why they limit this to one-half, and why in particular they keep to themselves the power of fixing the period of years. I may have something to say after the reply has been given.

Mr. ABBOTT: In the first place, as the minister indicated in his speech, many suggestions have been received from industries which want to be allowed to set up a tax-free reserve to take care of maintenance and repairs they are unable to carry out now because of a shortage of materials and man-power. This matter was carefully considered. The feasibility of being able to allow such a tax-free reserve was considered, and it was felt that the difficulties in the way of allowing it were almost insuperable.

Mr. HANSON (York-Sunbury): What were they?

Mr. ABBOTT: One was that if you allow a reserve you are permitting the judgment of managements to determine what is adequate provision for repairs and maintenance.

Mr. HANSON (York-Sunbury): Who would know better?

Mr. ABBOTT: Whereas under ordinary circumstances you have the facts as to what money was actually spent on those repairs.

Mr. HANSON (York-Sunbury): In a given year.

Mr. ABBOTT: The proposal here is that after a period determined by the governor in

council repairs and maintenance may be charged, half back to a previous year. In other words the income tax return for that year may be reopened. One-half of the repairs in a given period may be charged back to that year and, in effect, the taxpayer would be receiving a refund on taxes.

Mr. HANSON (York-Sunbury): Even though the money is not actually spent?

Mr. ABBOTT: Oh, the money must all be spent, and the taxpayer may then charge half of it as current and take half of it and put it back in a previous period.

Mr. HANSON (York-Sunbury): When can he do that, in view of the fact that he cannot get either labour or material?

Mr. ABBOTT: Now I shall meet my hon. friend's second point, the reason for putting in a provision that this will apply during a period to be determined by the governor in council. That period will be fixed when materials and labour are available and when it is desired to encourage employment. Let us assume for the sake of argument that the war should end some time next year. Materials and labour would then become available for deferred maintenance. The government would say, "You knew what the provisions were; as and from July 1, 1945, expenditures for deferred maintenance and repairs may be charged in accordance with the provisions of this section; one-half of the expenditure from that date on may at the option of the taxpayer be charged as an expense for any year subsequent to December 31, 1942." The taxpayer is given the option to charge to any year where he had war-time profits but where he was not able to make repairs and do the maintenance which he would ordinarily have been able to do. In other words they are allowing him to put it back into that year, but he has actually to make the repairs or do the maintenance. Then he takes the other half and puts it in the year in which he expends the money.

Mr. HANSON (York-Sunbury): He is allowed the full portion of the cost of all maintenance and repairs that he makes?

Mr. ABBOTT: Yes.

Mr. HANSON (York-Sunbury): There is no limitation on that?

Mr. ABBOTT: No. He can take half of it and put it back into a previous period. I have discussed this with a number of concerns that have been unable to make these expenditures for deferred maintenance, and they feel that this will be a real help.

Mr. HANSON (York-Sunbury): I would not minimize it.

Mr. ABBOTT: I do not know whether they would have preferred a reserve, but they seemed to indicate that this will largely meet their problem. I just wanted to clear up my hon. friend's point. The legislation does not contemplate that it shall be chargeable only to the year in which the repairs and maintenance are made; half the expenditure may be taken back into a previous period.

Mr. HANSON (York-Sunbury): I cannot read into the resolution all that the parliamentary assistant has said but at least his explanation makes it more understandable. I have discussed this matter with three different lines of industry, and I was told that they would prefer to be allowed to set up reserves. I think that would be the usual method of accounting, would it not?

Mr. ABBOTT: The Income War Tax Act has never allowed contingent reserves as a deduction from income. The only reserves that are allowed are those for bad debts and depreciation. The English act is the same.

Mr. HANSON (York-Sunbury): I do not think that is quite correct in practice. There is the question of inventory reserves.

Mr. ABBOTT: That has been under the Excess Profits Tax Act since the war began.

Mr. HANSON (York-Sunbury): They are allowed to set up a reserve for inventories which have become depleted and the replacement of which is very uncertain.

Mr. ABBOTT: That is only for excess profits tax purposes.

Mr. HANSON (York-Sunbury): This is a half-way measure, but I am thankful for it.

Mr. ABBOTT: It is more than half way.

Mr. JACKMAN: Does resolution 31 cover more than one taxation period? Does it cover, perhaps or possibly, three taxation periods?

Mr. ABBOTT: That is not stated, and frankly I am not sure about it. That will be indicated in the bill.

Mr. JACKMAN: There is nothing to equate the amount of expenditure which may be made in the future with the actual amount of deferred maintenance and repairs. Take the railways, for instance. It was stated by the Canadian National in the railway committee—of course this company is not subject to taxation and does not come under the Minister of National Revenue—that they have set aside a large amount of money for deferred maintenance. I questioned them as to how they arrived at the amount and I was informed that

they had made an actual physical survey of how many stations would have been painted had the paint and labour been available, and how much work on the various sections of the line would have been done. They had made an accurate accounting computation of deferred maintenance, and I believe last year they set aside $13,000,000 for that particular purpose. How will the department know that under this provision full compensation will be made the deferred maintenance? With some concerns it might work out satisfactorily, while with others it might not. I can see where it might be necessary to carry forward these provisions for two or three years in order that a plant might be able to make adequate maintenance.

Mr. ABBOTT: It would be impossible for the department to say that an actual expenditure made by a company, let us say in 1945, represented ten per cent deferred maintenance and ninety per cent maintenance for that year. We assume that some repairs are being made all the time, and it is recognized that the average concern cannot do full repairs or make full maintenance. They will catch up on these, presumably, as soon as men and materials are available. This resolution provides that the actual expenditure incurred after a date to be fixed may be charged, one-half to a back period and be considered, arbitrarily, if you will, as the cost of deferred maintenance, and the remaining half to be charged as current expense. I am afraid I cannot give any other explanation than that.

Mr. JACKMAN: While this resolution does give some relief where there has been over-taxation on income which was not true income, it leaves out entirely the cost of reconversion. Because of the war and to some extent because of the length of it, I suppose well over fifty per cent of the industries of this country are being used to a greater or less degree on war production. In some cases their whole layout has been changed completely to produce munitions of war, and their peacetime production has fallen by the wayside. There is no provision here to cover the cost of reconversion, nor do I see any in any other resolution. I believe that the cost of reconverting a plant which has been on war production should be properly chargeable to war profits, just as we are doing in the case of deferred maintenance, which is chargeable to years in which the money was not spent and in which the over-taxation has taken place. One of the most important questions in connection with post-war matters is the cost of reconversion, which leaves a man's plant in no better condition than it was in 1939 or when he first turned his energies to war production. With the termination of the war his contracts end and he is faced with the problem of reconverting in order that he may once more turn out goods for civilian consumption. In some plants this cost will run into hundreds of thousands of dollars. In many small plants it will be $10,000 or $20,000, which is a considerable item. I believe the revenue department should give the same consideration to this problem as they have given to the question of deferred maintenance and repairs.

I should like to hear from the parliamentary assistant if there are any good reasons to the contrary. I have talked over this matter with some industrialists who are going to be faced with this problem, and they find themselves short of working capital because they have paid out so much in taxes to the government and have not been allowed to accumulate any reserves for this purpose. I think one could say that they are at their wits' end to know how they are going to finance the cost of reconversion. If there could be some tax relief it would help in a small measure to solve the problem with which they are going to be faced, namely, the providing of employment through civilian production.

Mr. ABBOTT: I agree with my hon. friend that this problem of reconversion is one to which the government will have to give, and is giving now to some extent, the most careful consideration. However, reconversion costs are primarily capital costs. Repairs and maintenance have always been recognized in income tax law as current operating expenses. The cost of reconverting a plant has always been recognized as a capital expense and would be charged as such on the books of the company, would be set up as a capital charge and be subject to depreciation. In a great many war plants a substantial amount of capital cost will have been written off during the war by virtue of accelerated depreciation or by a combination of accelerated depreciation and ordinary depreciation. I do not want to minimize the importance of this reconversion problem or to be understood as saying that it is not one to which the government should give consideration, perhaps consideration in framing a budget, although I feel, or rather I hope, that it is a matter which could be more appropriately dealt with in the next budget rather than this one. It is primarily a capital matter and involves questions of high government policy as to how these plants are to be reconverted.

Mr. JACKMAN: We have the government already giving consideration to the Industrial Development bank, which might very well be left to a subsequent session if brought up at all. I admit the distinction between capital

assets and what can properly be charged to maintenance and repairs, but the parliamentary assistant said that most of these war plants had allowances through which they could write off their capital assets which were devoted to war purposes. That is a rightful provision, for the owners of these plants have created certain assets for the production of war materials which will be of little or no use after the war, and the writing off of that capital expenditure should take place during the war. But the parliamentary assistant has endeavoured to hang the principle of exclusion of reconversion costs from this section on to the idea that reconversion has to do with capital assets and that the company can spend its money on rebuilding its plant and getting it ready for civilian production and charge the cost off to depreciation.

But in the great majority of cases a company which has been in war production and has written off its war production facilities, which are now in many cases completely useless, has to use the same physical space to recreate capacity for producing civilian goods, and therefore the company is not better off now than it was in 1939. The company finds that it has to spend a great deal of money in the way of capital, if you want to call it capital, to put itself in the position in which it was before the war. Some allowance should be made for this expenditure, which will amount to a great deal in the case of many companies, many of them without working capital. Relief, or the promise of relief, should be given to them in the present budget and not in some future one. If the parliamentary assistant's reasoning about postponing the matter to a future budget carries any weight at all, the Industrial Development bank should also be postponed until then.

Mr. ABBOTT: Not at all. That is setting up a piece of machinery.

Mr. JACKMAN: It is for the very purpose of reconverting war assets into civilian assets.

Mr. ABBOTT: Only in part. That is one of the reasons but by no means the only one.

Mr. JACKMAN: It is the chief reason that gives the thing any commendation whatsoever. There is no use in having committees and commissions to investigate post-war possibilities and reconstruction problems, such as the James commission and others which the government has created on the principle that the government believes in private enterprise, when at the same time the government will not restore the motivating force behind private enterprise.

Mr. ABBOTT: Surely the hon. member does not suggest that we should reduce taxation at this stage of the war.

Mr. JACKMAN: The parliamentary assistant is always bringing up the question of reducing taxation. The hon. member for Parry Sound said that it takes at least four years to bring a gold mine into production from the time of the initial strike, and similarly I say that it takes business a considerable time to lay its plans, to reconvert its plant for civilian production and to recreate markets for its civilian goods which will be needed after the war. All this takes a great amount of work and money. The parliamentary assistant says that we can discuss this matter in the next budget a year from now. By that time we shall have many more men discharged from the services who will be looking for employment. Already we have 150,000 discharged, and we hope that within the next six months we shall have more men discharged than there are jobs immediately available. It is high time therefore that the ground work of industry should be laid so that we may have post-war employment for these men who will be returning.

Mr. HANSON (York-Sunbury): There is one observation I should make arising out of a remark made to my colleague by the parliamentary assistant. He said: "Surely you are not suggesting that we should reduce taxation at the present time." I say, Mr. Chairman, that this budget is reducing taxation. Some of these proposals are reducing taxation.

Mr. ABBOTT: Very little.

Mr. HANSON (York-Sunbury): But the principle is there. So that the statement made by the parliamentary assistant is not correct.

Mr. ABBOTT: We are merely adjusting some inequalities.

Mr. HANSON (York-Sunbury): You are wiping out some taxation in this budget as well as making adjustments. We are suggesting reductions in taxation, and the reductions which were suggested in our amendment were evaluated by the minister as representing a large sum of money.

Mr. ABBOTT: Then let me correct my statement. Surely you are not suggesting substantial reductions in taxation at the present time.

Mr. HANSON (York-Sunbury): We are suggesting reductions in taxation in order to meet the situation that will arise in the post-

war period. I want to say this to the minister and he can tell it to his friends. The reductions in income taxation which the opposition amendment advocated this year will not begin to equal the waste in the army in Canada, will not begin to equal the amount of money which the Department of National Defence is wasting in the army in Canada. That is my answer to the statement of the parliamentary assistant.

Mr. CHURCH: I represent an industrial district, Mr. Chairman, and I do not like the wording of resolution 31. I realize that when the tumult and the shouting dies and the captains and the kings depart in two or three weeks and when parliament will have prorogued, the budget resolutions which we are now passing will have a far different meaning in effect from what this high court of parliament now thinks. We shall make a very grave mistake if we pass this resolution as it stands. It says that one-half of the expenditures on maintenance and repairs incurred by any taxpayer carrying on a business in a period fixed by an order in council shall be regarded as deferred maintenance, and so forth. That includes trade and commerce, large and small businesses. But what did the Minister of Munitions and Supply say the other day? He said that you could not get materials and you could not get labour to do this specific repair and maintenance work. The resolution goes on to say that this provision shall apply also in the case of a taxpayer operating a mine. That is all right. I have always been one of those who ever since the war started have supported the development of our mining resources and all natural resources to furnish employment to our soldiers when they come back from the war, and I think public opinion will support that. But I object to the discrimination which this resolution makes against the small industrial business man. Let it be remembered that a very large proportion, forty-two per cent of our income tax revenue, comes from Ontario and the industrial income tax districts of Toronto.

I object to the language of this resolution. If we pass it as it is, we shall go home and then within two or three weeks the government can fix maintenance and repairs, deductions for expenses, the period and time and place, all by order in council. Already since the war started we have passed nearly 50,000 orders in council. We are fast approaching the stage where the word "liberty" will be meaningless in this country, because we are being governed right and left by rules and regulations, forms and restrictions, passed under order in council. If you take resolutions 31 and section 33 together—because they are kindred resolutions—and all the resolutions from 20 to 29, you will find that everything that is an enactment is to be done over our heads by means of rules and regulations and instructions and other enactments issued through the department.

Ever since the start of this war I have been objecting to the work of this red-tape factory that has been set up in the east block, where orders in council are passed and the government of the country has been handed over to various control boards No wonder the people are turning against the old parties. They are turning against those parties because parliament has divested itself of practically all its rights and privileges and has delegated all its functions to one control board after another. But that is the very thing that we are fighting against in this war.

The other day I had a letter from a small business man in my constituency, and he referred to what I said in 1942 in connection with this very same question. He wrote telling me that he would lose his small industrial business, the little store he had, and his home, as a result of income tax and the various restrictions by which business is being hampered. Not only that, but his boy, he said, would be deprived of that schooling to which he was entitled. This man fails to see the necessity for all these regulations.

This whole red-tape factory, in my opinion, should be abolished. We are simply handing over executive power to a bureaucracy, and we are doing it under resolutions 31 and 33. We are well on the road sooner or later to the totalitarian state. In England, in the late Sir Kingsley Wood's budget about two or three years ago there was a discussion similar to that which has been taking place here to-day, in connection with this income tax question, and several members made an argument very much along the lines of the argument advanced to-day by the hon. member for York-Sunbury and others. They referred at that time over there to the various abuses that have crept in as a result of the passing of all these orders in council, rules and regulations. In a remarkable pamphlet written two years ago, "Possible Recovery?" Dean Inge put the matter in a more definite way:

> Our upper and middle classes in supporting this war committed suicide with their eyes open. They knew that at the end of it they would find themselves deprived of nearly the whole of their incomes, forced to surrender all the comforts and luxuries which their families had enjoyed, and many of them driven from

the homes which they had come to love. So great a sacrifice has never before been voluntarily made. I know of no other instance in which a whole class has deliberately signed its own death warrant. No doubt they had not much choice in the matter, since there is a constituency in which the taxpayers are more numerous than the tax-eaters.

He is referring in England to the pacifists' policy.

No doubt they had no suspicion that the stupidest government of modern times had committed them to a single-handed struggle against the greatest military power in the world. No doubt many of them believed that war was forced upon us. But their chivalry in laying down all that they had on the altar of patriotism has not been sufficiently recognized.

I would not go as far as the Gloomy Dean, but it is obvious by now that a whole class, perhaps a predominating section of society, whether it has voluntarily committed suicide, or not, has been for practical purposes exterminated in the last four years by budgets. People cannot get labour or materials for any maintenance or repairs. On Yonge street the other day I saw small businessmen putting out their goods on the public street on a side lot. What is the reason for all this? Since the war started we have been virtually abolishing private ownership. In the days of Sir John A. Macdonald and Sir Wilfrid Laurier everyone owned a little property of some sort, a small store or mill, a cow, a team, a small truck, a grocery concern or something of that sort. But since the war started all this has been swept away by the action of parliament in placing artificial barriers and burdens on industry and in handing over power to boards of control. Three years ago in the British House of Commons, as result of pressure brought to bear upon the administration, they were forced to embody in the budget statute many of the rules and regulations that previously had been promulgated by order in council.

There are many inequalities, inconsistencies and injustices to the small businessman and the small manufacturer who pay income tax, and when we go home we shall be faced with a great deal of criticism. The taxpayers are up in arms as a result of what is now taking place. We have the highest income tax in the world, although it may be argued that it is not the highest exactly in that form. But in the United States and in England they have no sales tax as we have it here. Here, when you add the sales tax, corporation tax, excess profits tax, surtaxes and all other taxes the people have to pay, you find that we have the highest taxation in the world. No doubt the government needed the money for war purposes, and no one objects to that. The ministry must have money, but there is a right way and there is a wrong way of getting that money. I know there is a great chorus of approval, in the press and over the radio, of the victory loan, and a great hip, hip, hurrah over this budget. But when hon. members go home let them talk to men and women in industry and they will find that there is not the same enthusiasm for all this as we find on the part of this large regiment of paid officials, radio and press boosters, information bureau and all the others on whom we are spending something like a million dollars.

I should like to see this session conclude as quickly as possible, and the opposition has given a great deal of help to the government; but you will find that the people back home have more knowledge than we have of what is going to happen to them and the real meaning of it all as a result of all these orders in council and these rules and regulations.

We also need a vast housing and reconstruction policy. With regard to reconstruction the minister forgot many things in the budget—materials, house building allowances, maintenance and repairs and a national housing plan. If there were allowances for housing and many other things like that in industry, construction and reconstruction, the people would not object to it. What were the industries engaged in this industry called housing told? They were told the other day by the parliamentary assistant to the Minister of Munitions and Supply that they could not get any materials or labour for that particular work, let alone any allowance along the lines indicated. When I was speaking on this matter two years ago I was told by the minister that I was shooting holes through the budget. I was not trying to shoot any holes through the budget. But the orders in council, the control boards, the rules and regulations and orders in council shoot holes through the budget, and they will do it to such an extent that we shall not know resolutions 31 and 33 when they are passed, and neither will the taxpayers. Instead of getting allowance for maintenance and all that kind of thing you will find that the applicant will be ruled out by a bureaucracy.

I have admiration and respect for the present minister's head of departments and the chief commissioner, but he has an intolerable task. I think it is the unanimous opinion of the committee and of the public generally that he is a most excellent officer. I think it would be far better for him in the administration of his work if he did not have to allow political machinery and orders in council

to get beyond control, and if we did not allow this government to come along and pass orders in council or some rules and regulations which will entirely change these resolutions we pass, and make them mean something entirely different from what resolution 31 means.

Mr. HANSON (York-Sunbury): On this subject of reconversion I think the hon. member for Rosedale has done a real service in bringing up this topic. I for one regret that there is no intimation in the budget speech, and therefore none in the resolutions, dealing with the subject matter. I wonder if in certain industries which are no longer engaged in war work this problem has not already been facing the department. I would think that there must have been a number of cases where the position has been met and is now being dealt with in the tax situation. As I listened to the discussion between the parliamentary assistant and the hon. member for Rosedale, my mind led me to believe that theoretically and technically this would be a capital expenditure. I think scientifically that would be the correct category, and yet the suggestions that have been made to give some measure of relief apply with equal cogency for the allowance as it did for the capital expenditure in these plants for war purposes. I hope that consideration is being given to that position by the department, although I see nothing in the law as I understand it to-day which would allow it to be dealt with as a special problem. It strikes me that it is a special problem. I can only express the hope, without any thorough knowledge of the situation or the scientific principles upon which legislation should be based, that within a year, if not now—and I would hope now—consideration will be given to this problem and that equity and justice will be done.

Mr. GREEN: This resolution includes underground development in the case of mines, I believe?

Mr. ABBOTT: That is correct.

Mr. GREEN: Some of us have received representations from people interested in mining. They put forward special recommendations for the taxing of the mining industry. Perhaps the parliamentary assistant has had some.

Mr. ABBOTT: I have had quite a lot, yes.

Mr. GREEN: The officers of the taxation division of the Department of National Revenue are really in this position. They have in part the future of the whole mining industry of Canada in their hands. That is a condition which has arisen by reason of the heavy taxation. I freely admit it is wrong that they should have that responsibility, but that actually is the position at the present time. I ask the parliamentary assistant to make some comments on these recommendations.

Mr. ABBOTT: If I may interrupt, I do not know whether my hon. friend was in his place when the question came up a little earlier and I quoted the minister's reference to it in his budget speech at page 4183 of *Hansard*:

Mr. GREEN: I have the minister's reference here. In effect the minister said that he hoped there would be a dominion-provincial conference and that everything would be lovely after that.

Mr. ABBOTT: I do not think that is a fair paraphrase of what he said; it was a little more complete than that.

Mr. GREEN: He did not go much farther than that.

Mr. ABBOTT: He pointed out concessions that have already been made to the mining industry and that it was premature until the dominion-provincial conference had been held to make any radical changes in tax policy applicable only to the mining and oil companies. I put the statement on *Hansard*.

Mr. GREEN: I have it here. But I think the situation is sufficiently serious and the recommendations are sufficiently clear to justify some comment from the parliamentary assistant. The recommendations are as follows:

> That depletion allowance of fifty per cent of the net earnings of metal and industrial mineral mines be allowed, and extended to dividends paid by such mines.
>
> That taxes paid annually to provincial governments and to municipalities be allowed as a deduction from earnings of all mining companies before assessment for dominion income and/or excess profits tax purposes.
>
> That all annual expenditures made by mining companies on outside exploration in any part of Canada, excepting cost of options or purchase of property, be allowed as a deduction from earnings before assessment for dominion income and/or excess profits tax.

The statement goes on to point out:

> The above recommendations represent unanimous views of all investigating bodies appointed by government and industry alike as to the proper method of providing an overall equitable plan of mining taxation and to place the industry on a footing where it will best be able to perpetuate itself to the lasting benefit of Canada.

Some point is also made of the fact that even though those changes are not made now it will be very helpful if the government will announce their policy of mining taxation for

the post-war years. That would enable men interested in mining to make the necessary preparations now so that they could go ahead and develop their mines after the war. I think the parliamentary assistant will agree that it would be beneficial if the mining industry could have some such blueprint as that. Would he make some comment on these recommendations?

Mr. ABBOTT: Along with other hon. members I received a great many of these recommendations. The minister also received them prior to the preparation of the budget and prior to the delivery of his budget speech. There is really nothing that I can add to what he said at page 4182 of *Hansard* with respect to the consideration given to the taxing of the mining industry. He refrained from dealing with these specific recommendations. It is true that he dealt with the subject in a rather general fashion, but he did deal in some particular fashion with the special provisions already made for the mining industry from the tax point of view. I cannot speak for him, but my feeling is that it is premature at this stage of the war to attempt to revise the taxation structure for the mining industry alone. I think it has to be dealt with in a larger picture by revising our tax structure when the war is over or so nearly over that we know what our commitments are going to be. I personally do not believe that we can now single out the mining industry as a special industry for special concessions other than the ones which are already contained in the act. I think it should be dealt with as the minister said—and I am only paraphrasing it—as a part of an integrated plan for the taxing of all industry and business. I would not be prepared to comment on these specific suggestions; and, speaking generally, that is the reply which I have given to a number of people who have written me personal letters putting forward these suggestions.

Mr. GREEN: Then in effect the government will make no announcement regarding these recommendations?

Mr. ABBOTT: I do not think the government can make any announcement now. My hon. friend suggested that no matter if we could not carry it out now, we should announce what our policy is going to be six or nine months from now.

Mr. GREEN: No, I did not say six or nine months; I said for the post-war period.

Mr. ABBOTT: Well, I should say that would be at least six or nine months from now. It is pretty difficult to announce what your fiscal policy is going to be post-war until you know what your commitments are going to be post-war. From a budgetary point of view I think it would be dangerous, to say the least, to attempt to put forward any specific proposals now, until you know how long the war is going to last and what further effort will have to be put forth purely from a war point of view. I think it is too soon.

Mr. GREEN: Sooner or later the dominion government will have to decide on a plan, and I do not think it will get much help through holding a dominion-provincial conference.

Mr. ABBOTT: This mining question is certainly a matter on which it is essential that a dominion-provincial conference should be held, because the provinces are vitally interested in these mines. They come under the head of property and civil rights.

Mr. GREEN: But the dominion is doing the taxing.

Mr. ABBOTT: It is a joint matter; the provinces get substantial revenues from the mines, too.

Mr. GREEN: Then what is the present position with regard to each of these three suggestions? For example, what is the position with regard to the depletion allowance and also with regard to the dividends paid by mines?

Mr. ABBOTT: You are asking now for information?

Mr. GREEN: They are asking for a fifty per cent depletion allowance.

Mr. ABBOTT: You are asking with respect to mines? A depletion of 33⅓ per cent is allowed now; and with respect to dividends paid by the mining companies, the recipients may deduct 20 per cent as not being taxable.

Mr. GREEN: The second recommendation is that the taxes paid annually to provincial governments and municipalities be allowed as a deduction from earnings of all mining companies before assessment for dominion income and/or excess profits tax purposes.

Mr. ABBOTT: All taxes paid to provincial and municipal governments are now allowed as a deduction, with exception of income taxes, and since income taxes are collected only by the federal government—

Mr. GREEN: I think the hon. gentleman is wrong there.

Mr. ABBOTT: Taxes paid to provincial governments, other than income or profits taxes, are allowed as a deduction from gross mining revenues, as an expense. I am advised,

and as a matter of fact I know from my own experience, that this is an absolutely accurate statement of the law.

Mr. GREEN: What about municipal taxes?

Mr. ABBOTT: They are allowed on the same basis.

Mr. GREEN: The next recommendation is that all annual expenditures made by mining companies on outside exploration in any part of Canada, except the cost of options or purchase of property, be allowed as a deduction from earnings before assessment for dominion income and/or excess profits tax.

Mr. ABBOTT: That is covered by section 8(9) of the Income War Tax Act, which reads:

A corporation whose chief business is that of mining or exploring for metalliferous and strategic minerals shall be entitled to deduct from the sum total of the income tax payable by it under this act and the tax payable under the Excess Profits Tax Act, 1940, twenty-six and two-thirds per centum of all prospecting, exploration and development expenses incurred by it in searching for base metals and strategic metals during the period from the first day of January, 1943, to the thirty-first day of March, 1945: Provided, however, that such deduction must be taken against the said taxes payable in respect of the year or fiscal period in which the said expenses were actually incurred.

There is also a further proviso.

Mr. GREEN: Does that apply to all mining companies?

Mr. ABBOTT: It applies to all mining companies, but only with respect to expenses incurred in the search for metalliferous and strategic minerals. Therefore it would not include expenses incurred in the search for gold.

Resolution agreed to.

32. That the provision allowing deductions by a corporation from income of amounts paid by way of donations to charitable organizations in Canada be amended to provide that the amount of the donations made in excess of the average of the taxpayer's donations in the last two fiscal periods ending before July 1, 1942, shall be allowed as a deduction for purposes of the Income War Tax Act and the Excess Profits Tax Act, 1940, only to the extent that the total taxes payable by the taxpayer under the said acts are thereby diminished by forty per centum of the said excess, unless made before February 1, 1944, and paid or evidenced in writing before the said date or evidenced by a payment before the said date which is one of a series of payments to be made thereafter and accompanied by proper evidence of the undertaking.

Mr. ABBOTT: I will ask that this resolution be allowed to stand until eight o'clock, when the minister will be here. I believe he has some comments he wants to make in regard to it.

Resolution stands.

33. (a) That any enactment founded on resolutions 20 and 29 be brought into force on enactment; and

(b) That any enactments founded on resollutions 1 to 19 inclusive, resolutions 21 to 28 inclusive and resolutions 30 to 32 inclusive be applicable, unless otherwise stated, to the income of the 1944 taxation period and fiscal periods ending therein and all subsequent periods.

Mr. ABBOTT: I think this resolution had better stand also, until all the others are passed.

Resolution stands.

EXCESS PROFITS TAX ACT, 1940

1. That expenditures in respect of scientific research directly or indirectly related to the taxpayer's business, whether of a current or capital nature, be allowed as a deductible expense, in the case of expenditures of a current nature, in the year when the expenditures are made and, in the case of expenditures of a capital nature, over a three-year period commencing with the year of expenditure.

Mr. ABBOTT: This is in substantially the same terms as the corresponding resolution under the Income War Tax Act. The committee will recall that resolution 23 under the Income War Tax Act provides that expenditures for scientific research and the like are treated as an expense, and a similar provision is to be inserted in the Excess Profits Tax Act.

Mr. JACKMAN: Is there any definition of what constitutes scientific research, or is it left to the discretion of the minister?

Mr. ABBOTT: I think that is being worked out and will appear in the bill when it is brought down. I do not know that the drafting is quite complete yet.

Resolution agreed to.

2. That in the computation of capital employed for the taxation year and subsequent periods the requirement to reduce capital by one-half of the dividends paid in cash during any taxation year be altered to provide that such reduction shall be made only to the extent that earned surplus at the end of the taxation year is less than earned surplus at the beginning of the year.

Mr. HANSON (York-Sunbury): The hon. gentleman might give us an explanation of this.

Mr. ABBOTT: In effect this resolution proposes a technical amendment to the definition of "capital employed". Hon. members will recall that under the law as it now

stands "capital employed" is defined to include paid-up capital and surplus as it stood at the end of the base period, which I think is December 31, 1939, or the last fiscal period in 1939. The law now provides that this figure of capital employed should be reduced by one-half the dividends paid in cash during the taxation period.

Mr. HANSON (York-Sunbury): They are to be deducted?

Mr. ABBOTT: One-half of the dividends paid during the taxation period are to be deducted from the total capital employed, or from the figure as defined under the act as being the capital employed. The proposed amendment provides that if the earned surplus at the end of a fiscal period subsequent to the standard period is not less than at the beginning of the period, notwithstanding the payment of dividends, the capital will remain at the same figure. In other words, if a company pays its dividends entirely out of current earnings, its capital employed, for the purpose of determining standard profits, will not be reduced by one-half of the dividends paid during the year.

Mr. HANSON (York-Sunbury): That is very fair. If they are paid out of surplus the capital will be reduced?

Mr. ABBOTT: Yes.

Mr. JACKMAN: Which section of the act does that amend?

Mr. ABBOTT: Section 4 of the first schedule of the Excess Profits Tax Act.

Mr. JACKMAN: Was that schedule passed by this house, or is it in the regulations?

Mr. ABBOTT: It is part of the statute. I have the section before me, and perhaps it would help the committee if I read it:

> Capital as hereinbefore defined shall be increased or decreased by a portion of any bona fide additions to or reductions of the assets of the business made during the taxation period other than additions or reductions resulting from profits or losses of the said period, such increase or decrease to be made pro rata for the time such additions were employed in or decreases withdrawn from the business, provided however, that dividends paid in cash during such period shall constitute a deduction from the capital employed at the commencement at the said period to the extent of one-half the total amount of dividends paid during the same period.

The effect of this proposed amendment will be that if payment of those dividends does not result in reducing the earned surplus as it stood at the beginning of the period, there will be no reduction in the amount of capital employed.

Mr. HANSON (York-Sunbury): That is fair.

Resolution agreed to.

> 3. That the refundable portion in respect of which a taxpayer is entitled to repayment may in case of bankruptcy, liquidation, winding-up or dissolution, be repaid in accordance with regulations made by the governor in council.

Mr. HANSON (York-Sunbury): This resolution deals with payments made in certain cases of bankruptcy, liquidation, winding-up or dissolution. It states that the refundable portion to which a taxpayer is entitled shall be repaid in accordance with the regulations made by the governor in council. The money is taxpayers' money. If it is a corporation which goes into bankruptcy, liquidation, winding-up or dissolution it is proposed to return it to the taxpayer or to the trustee in bankruptcy, or the liquidator, or as we call it in my part of the country, the curator. On dissolution it would be returned to the shareholders. There would be a distribution of the assets of the corporation.

What has the administration in mind with respect to limitation on this? In the case of bankruptcy this money belongs to the creditors, we will say. I think that is correct, although I am afraid a substantial amount of it would go to the costs of liquidation. In liquidation it may or may not go to the creditors, depending on the kind of liquidation, and the reasons therefor.

I think the resolution is too scanty. The question I would put to the parliamentary assistant would be this: What has the government in mind with respect to regulations to be made in each or all of these circumstances?

Mr. ABBOTT: I can answer it in this way. My hon. friend will appreciate the difficulty which has arisen in respect of a few companies which have either been liquidated, or their charters surrendered. Some of those companies had on their books a refundable portion of the tax, which was an asset. But of course that is not payable, as the law now stands, until after the cessation of hostilities.

The question arose as to who should hold it, to whom it should be paid, and who is entitled to receive it. The liquidator might wish to get his discharge. I think it was ruled, rightly or wrongly, that if a company wound up and the liquidator was discharged, the right to receive the refundable portion was gone. That did not seem equitable. On

the other hand it was felt it should not be left to a departmental ruling as to what should be done with this money when it eventually became payable. I would welcome any suggestions any hon. members may have. However, it was suggested, after consideration, that power be vested in the governor in council to approve regulations. In other words, it is put on a little more formal basis than a mere departmental ruling. A formal order in council would have to be passed setting up rules providing for the retaining of this money in the meantime or, perhaps, paying it over under certain safeguards, placing it in escrow or something like that. The situation which it is intended to correct is that the right to receive this deferred amount should not be lost to creditors or shareholders, as the case may be. It is merely a question of setting up the proper machinery.

Mr. HANSON (York-Sunbury): I suppose situations have arisen which demand the recognition of some action. That must be the cause of its being here.

Mr. ABBOTT: Correct.

Mr. HANSON (York-Sunbury): I suggest that in the case of bankruptcy this money should not be kept; it should go to the creditors. Why should it be kept in escrow or kept with the government for a period of time, when the shareholders have not received it? They should get it immediately. I would hope that principle would prevail.

On the other end of the equation is the question of dissolution. The dissolution of a company usually takes place when the shareholders want to go out of business, and surrender their charter. They pay off all their liabilities to the public, and have only liabilities to their own shareholders. They convert their assets into cash, and distribute those assets among the shareholders pro rata. But they cannot distribute this refundable portion. What has the administration in mind with respect to that? Is that going to be held? It is not quite as pressing a problem as that connected with bankruptcy. That would be recognized.

I have an open mind as to what should be done in a case of that kind, although I realize that companies do not dissolve unless their usefulness is pretty well over, or a proprietor wants to get out of business because of age, or for some like reason. It might be a hardship if this were kept from them, although their estates would of course take it, as in the case of deceased persons.

The other two classes are in between the two extremes, as I understand it. The minister has given us the reason why this has been brought down now, but he has not followed the whole picture through. What does he propose to do in the case of a dissolution by a company?

Mr. ABBOTT: Of course, I do not know that that is fully settled. My hon. friend will appreciate the difficulties here. His suggestion that in the case of bankruptcy it might be in the public interest to pay money to the creditors at the time the assets are being distributed is perhaps a good one, although we have to remember that these refundable portions do not bear interest.

Mr. HANSON (York-Sunbury): I understand that.

Mr. ABBOTT: Therefore the taxpayer who gets it back now, or at an early date, would have an advantage over the shareholders, let us say, of a company which continues in operation. There must be some safeguard against that. It would not be fair, for instance, to allow a small, privately held company voluntarily to wind up and surrender its charter, all the shareholders then being able to get their pro rata portion of the refundable portion.

The thought was that perhaps it would be desirable to try to work out a set of regulations covering these cases. This presumably will be a temporary condition; it will not last in perpetuity. Those regulations should be approved by order in council, and that should be the code, as it were, to govern the disposition of refundable portions in these cases. None of the creditors is really entitled to demand his money now. It is to make some provision for the holding of the money during the period of transition.

Mr. HANSON (York-Sunbury): Does not the parliamentary assistant think that the creditors stand in a slightly different position from that of the shareholders?

Mr. ABBOTT: I should think so, yes.

Mr. HANSON (York-Sunbury): I think they ought to be given more consideration.

Mr. ABBOTT: I think so, yes; I should think consideration should be given to that.

Mr. HANSON (York-Sunbury): However, we will wait and see. This just gives power to make regulations, and it will not be revealed, even when the bill comes down, as to what the regulations are.

Mr. ABBOTT: But if it is done by order in council, the order in council would be tabled. It would be public. I think it is perhaps a little difficult to expect that this should be spelled out in the statute now. It is a matter which it seems to me might safely be

left to disposition by regulation, with the added safeguard that it has to be approved by order in council, rather than by just a departmental regulation. However, I have an open mind in the matter.

Mr. HANSON (York-Sunbury): I am not in accord with the general principle underlying the statement just made. I think as far as possible regulations dealing with the money of the taxpayers of this country should be brought down and revealed to the world in the enabling legislation that is to be passed.

Mr. ABBOTT: I would agree with that as a general principle.

Mr. HANSON (York-Sunbury): Once again I wish to voice my protest against government by regulation, against taxation by regulation and now against the distribution of the taxpayers' money by regulation. I am not going to follow the point farther than that, but I think the principle is bad.

Mr. ABBOTT: My hon. friend will appreciate that this is being done to give some relief.

Mr. JACKMAN: This is another example of the uncertainty which attaches to refundable taxes. Something the same was found to exist in connection with the refundable taxes of individuals. The government found that to be unworkable because it was not understandable, largely because of the uncertainty. I can understand why it was not possible to make the refundable portion of the individual's tax negotiable, namely his receipt or whatever evidence he might have, but what objection could there be to making the refundable part of the corporation tax negotiable so that it might be transferred from one company to another and thus obviate some of the difficulty which this resolution indicates may exist?

I understand that if a company sells its assets it cannot sell its right to the refundable portion of its taxes because that refundable portion attaches to the charter itself. This creates a certain amount of difficulty for a company endeavouring to dispose of its assets. Would the parliamentary assistant explain why the refundable taxes owing to a corporation cannot be made negotiable? If someone is willing to buy at eighty or eighty-five per cent of the value and a corporation wishes to sell, it is of no concern of any one but the corporation.

Mr. ABBOTT: I must confess that I find it difficult to see any difference between compulsory savings owing to an individual and compulsory savings in the case of a company.

Mr. JACKMAN: The company cannot spend them and force up prices as an individual may do.

Mr. ABBOTT: I still cannot see why we should make a distinction between the two.

Mr. JACKMAN: If an individual has three or four hundred dollars in refundable taxes coming to him and can negotiate these at the bank or with another individual and get the money, he can spend it, but I do not see how the same principle can be applied to a corporation. If a corporation wants more money very likely it can go to the bank and get it and then spend it, if desired. If the refundable taxes owing to corporations were made negotiable this whole difficulty would be got away from.

Mr. ABBOTT: So far as I know this is the first time this point has been raised. It was considered desirable that a company should have a reserve available in the form of these refundable portions for the reconversion purposes, let us say, about which my hon. friend was talking a little earlier. These reserves may not be adequate in all cases, but they will certainly be a help to many companies in effecting reconversion. If you make them assignable or transferable a company, in order to realize on its assets, may sell them to some other company. Frankly I am thinking aloud, because this question has not been raised before to my knowledge. I cannot see offhand why there should be any special distinction between the individual and the corporation.

Mr. HANSON (York-Sunbury): The right of assignment is dealt with in what resolution?

Mr. ABBOTT: In the next resolution.

Mr. HANSON (York-Sunbury): I asked a banker recently if a bank would lend money on an assignment or hypothecation of a refundable portion, and he said, "Certainly not because the time of payment is too remote and uncertain." But he told me it would be accepted as collateral security on the borrower's own note. I do not think this is of much benefit to business, but at the same time it is some alleviation. Consideration might be given to paying the actual cash in cases where a company finds itself in a difficult position in the reconversion period.

These companies want certainty; they want something they can depend upon. I do not wish to labour the point, but I think this money which does not bear interest, which belongs to the taxpayer, which in effect is a

forced loan without interest, should be made available to him according to his requirements at the earliest possible day.

Mr. JACKMAN: Why cannot some consideration be given by the department to putting some maturity on the refundable portions which are paid under the 1944 tax? They could be made to mature three or four years hence in order that business may have some certainty. I am not suggesting doing anything about the refundables which have already been created. But if you made them mature in a reasonable period you would give business some certainty as to what it has. This would create collateral against which business could borrow for reconversion and reconstruction purposes. It would also be good collateral in the hands of the banks. You have gone a long way for the individual, possibly because you could not sell him the idea, and here you have the same situation with regard to industry. If these were made repayable in three or four years, or in whatever time the minister thinks the war will be over, there would be greater certainty and there would be the possibility of greater use for refinancing.

Mr. ABBOTT: Under section 18, subsection 2 of the Excess Profits Tax Act the maturity is fixed with respect to the refundable portions in the different years. In the case of 1942 it will be the second fiscal period commencing after the cessation of hostilities; in the case of 1943, it will be the third fiscal period after the cessation of hostilities, and so on. Then there is the further provision that notwithstanding the provisions of the sections to which I have referred, they may mature at such earlier times and in such instalments as the governor in council may determine. The outside limit of the maturity is fixed and the government may anticipate that maturity.

Mr. JACKMAN: It was impossible for the individual to understand the law with regard to the refundable portion of his tax, and it took five or six lines of highly legal language to explain it. It may be you have made things a little clearer here, but if you could state a definite year it would be much better.

Resolution agreed to.

4. That the refundable portion in respect of which a taxpayer is entitled to repayment may be assigned by way of security in cases where the governor in council is satisfied that the purpose of the assignment is to enable the taxpayer to make capital expenditures that will contribute to the post-war conversion of the taxpayer's business and will provide substantial employment.

Mr. KNOWLES: There is a comment I should like to make in connection with this resolution. There is a principle here which it seems to me is good. In fact, if my memory serves me correctly, it is a principle that was advocated in this corner some time ago when the Excess Profits Tax Act was put upon the statute books. I refer to the responsibility of the government to see to it that the refundable portion of the excess profits taxes is used for post-war reconstruction and the provision of employment in the post-war period. I believe that from this group a few years ago the proposal was made that all of the twenty per cent when refunded should be earmarked for those purposes. Now we have in this resolution the acceptance to a limited extent of that principle. By limited extent I mean that it applies only to those who are able to liquidate their refundable portion in advance by the methods set out in the resolution. In cases where taxpayers, corporations, are able to do that under the terms of this resolution, they are called upon to meet the government's requirements that the money be used for post-war conversion of their business and to provide substantial employment. I repeat that that is good. But it seems to me that if it is good for those taxpayers who will be able to liquidate their refundable portion in advance in this way, it is an equally good principle for all. I know my hon. friends to my right will probably say again, as they have said several times this afternoon, that this is the corporate taxpayer's money, but I would remind them that this is excess profit and that this profit is due to the war, and we feel that the tax on the excess profit should go right up to 100 per cent. Since however, the government has made provision for the return of twenty per cent I think the idea that the government should direct, to some extent at least, the use of that twenty per cent is a good one, but if it is being done under the terms of this resolution I suggest that there ought to be legislation to do likewise with the refundable portion in all cases.

Mr. ABBOTT: This is a very limited right which is given. It is not desired that any one taxpayer should be able to get his refundable portion ahead of another. But in special cases if a taxpayer is able to borrow money which he proposes to use for capital expenditures which will contribute to the post-war conversion of his business, the governor in council may authorize the assignment of his claim to the refundable portion as security for that advance. Three parties are involved—the taxpayer, the lender and the crown. It is a sort of three-cornered arrangement. I do not know how much it will be availed of. Obviously the lender, if he advances money

against the claim, can take an out-and-out assignment on a discount basis because it does not bear interest, or he might take it as collateral security. I think the average case might be where a business might want to expend money to reconvert its war plant to a peace plant. It has a reasonable credit standing and also some accumulated refundable portion of the tax. If it were able to assign that as security to a lender, it might be able to get a loan which it might not otherwise be able readily to obtain. But the governor in council would have to be satisfied that the money was to be used for the post-war conversion of the taxpayer's business.

Mr. KNOWLES: I emphasize the last few words that the parliamentary assistant used. Even with the other conditions which have been set out it will be necessary under this resolution, for the corporate taxpayer to satisfy the authorities that its purpose is to do a certain amount of post-war conversion and to provide employment. All I am doing at this point is to emphasize that that is a good principle, and I hope that it will be remembered.

Mr. HANSON (York-Sunbury): I should like to ask if the procedure that will be adopted has been worked out. A taxpayer wants to make a capital expenditure for reconversion purposes. I would assume that he would have to file some sort of petition or brief with the department asking for permission to assign the refundable portion to a creditor who will presumably advance money against it, whether by way of total assignment or hypothecation or lien. Then I assume that the taxpayer will have to show that he will provide substantial employment. Just what procedure will be adopted? What are all the factors that will enable him to do that?

Mr. ABBOTT: That has not yet all been worked out. This is an enabling measure. but the procedure will, I think, be very much as the hon. gentleman has indicated. An industry that had a project in mind and wanted this assistance would file a brief with the Department of Finance or some other department.

Mr. HANSON (York-Sunbury): That is what I wanted to know. Under whose jurisdiction would it be?

Mr. ABBOTT: It will be the Department of National Revenue, I would think. If the department is satisfied on the facts as presented, the minister would submit a recommendation to council authorizing the assignment, and I take it that an agreement would be entered into. I am only speculating because the procedure has not yet been worked out.

Resolution agreed to.

At six o'clock the house took recess.

After Recess

The committee resumed at eight o'clock.

INCOME WAR TAX ACT

The CHAIRMAN: We are on resolution 32.

Mr. HANSON (York-Sunbury): In the course of the remarks I made on the budget on July 3 I adverted to this proposal which we now have concretely before us. So far as I can see, there is no mention of this proposal in the minister's budget statement. I think that is correct. But the basis of the remarks I made on July 3 was contained in a press release, which unfortunately I have not before me, made by the minister just prior to the opening of parliament.

Hon. J. L. ILSLEY (Minister of Finance): Just to keep the record straight—

Mr. HANSON (York-Sunbury): I am not sure about my time.

Mr. ILSLEY: —I made the statement in parliament first. In fact, I made two statements, one at the end of January and one about the middle of February, and nothing was given to the press before parliament met. Anything given to the press was given after I made a statement in the house.

Mr. HANSON (York-Sunbury): It seems I am entirely wrong, and I am depending only on my memory; but I had the idea that notice had been given to the public that the provisions of the last budget, the laws relating to gifts to charitable and educational institutions, would not be allowed to come into effect. When the statement was made is a matter of minor importance. At any rate, I felt that was doing a grave injustice to a body of institutions in the country which are not simply charitable institutions, but which in this war have proven themselves to be a strong arm of government. I venture to assert that the work of certain of our educational institutions directly relating to the war has been of great and paramount importance for which probably some of them at all events have received wholly inadequate compensation. One of these institutions which

I have in mind has given over its whole curriculum to the navy. I refer to King's college, Halifax, which has been taken over by the department of naval services, and is now a naval school of some kind, and for which the department is paying a rental of $30,000 per annum. I was going to say that the entire college population had to be transferred to Dalhousie university, and that added a great weight to that institution. No one is complaining about that. It was evidence of a measure of good will on the part of the authorities of the institution that does them nothing but honour and credit. The same is true of other institutions.

But the minister announced at some stage that the law as passed by parliament, because of developments which came as a result, would not be allowed to become operative, and in that I consider there was a breach of faith not only with the parliament of Canada and with the taxpaying public, but more particularly with the educational institutions of the country. I deplore that attitude on the part of the government because it must have known, when the law was made as it was, that a substantial part of the excess profits tax which is given to charitable and educational institutions would come out of taxation. That was abundantly clear at the very beginning. I assume that when the minister learned that advantage was being taken by these institutions of the position and used the taxing position, the legal position, as an inducement to corporations within the excess profits tax clause to make contributions, he must have known that those in the 100 per cent class would be taking that money out of taxation, except, I suppose, the twenty per cent refundable which ultimately would come out of the taxpayer. I deplored that position in the statement I made in the house on July 3 in discussing the budget.

I am not going to cover the same ground again; I think that would be a work of supererogation. I merely make these introductory remarks to explain that I was greatly perturbed by that position taken by the Minister of Finance as it affected certain educational institutions of the country, one or two of which are very dear to me and in whose prosperity and welfare I am intensely interested. Campaigns had been put on by the educational institutions, notably I believe by McGill, under which large sums of money in cash and in pledges were given to some of these institutions, to be payable in cash or over a period of time, and which would have the taxation effect to which I have referred. The effect of the minister's announcement was absolutely to kill the efforts that were being made on behalf of these institutions whose corporate resources needed replenishing, and I thought and still think that was a reprehensible position for the minister to take, because the policy under which that became operative was the government's considered policy.

There was a time when a taxpayer could give up to ten per cent of his taxable income to education and charity.

Mr. ABBOTT: And still can.

Mr. HANSON (York-Sunbury): That is for individuals; that is quite true. But under the Excess Profits Tax Act, if I apprehend the position of the law correctly, only five per cent could be given in the way I have indicated, and it is out of that that these gifts were made.

Mr. ABBOTT: The five per cent applies to corporations.

Mr. HANSON (York-Sunbury): Well, it was from the corporations principally that these benefactions were expected to come, and it had the effect, at least until the position was fully clarified, of stopping any flow of donations to that class of institutions. I think that was a deplorable situation, and it is up to the minister to support his position.

I do not know that I have made the position absolutely clear, but I know what the effect is. The minister is making in effect what is retroactive legislation. In actual technical expression it may not be retroactive legislation, but it has the effect of being retroactive. It withdraws the provisions of the law as they have existed up to the present time and it substitutes a new formula. If I understand the position correctly—and I shall be glad to be corrected if I am wrong—it now provides that the amount of the donations made in excess of the average of the taxpayers' donations in the last two fiscal periods ending before July 1, 1942, shall be allowed as a deduction for purposes of the Income War Tax Act and the Excess Profits Tax Act only to the extent that the total taxes payable by the taxpayer under the said acts are thereby diminished by forty per cent of the said excess, unless made before February 1, 1944, and paid or evidenced in writing before that date. That is a rather involved formula unless one studies it; but it is as clear as daylight to me.

I said this once before; it means a definite reduction in the amount that this class of taxpayer may give to charitable institutions under the tax-free clause, if that is the proper designation. I venture to suggest that there

will be no further benefactions, no further contributions to education from that source. The average of such donations made by corporations within the excess profits clause in the two fiscal periods before July 1, 1942, was, I am informed, exactly nothing, or in most cases was absolutely nothing. Perhaps it is not wise to be too sweeping in this statement. It was little or nothing. I shall put it in that way. Therefore in most cases the amount that will now be allowed will be little or nothing. I think that is a very bad situation. There is no class of institution in this country which is feeling the pinch of war in its finances more than the smaller educational institutions, especially those that I know something about in the maritime provinces. They find their classes depleted; they find their revenues from tuition and what-not depleted. They have been doing a lot of good war work. They anticipate throwing the whole of their resources behind the government of the country in the post-war period in doing their share. The educational authorities are among the best class of citizens we have in this country. Yet when the opportunity for them to strengthen their position at the expense, we will say, of the treasury presented itself, after the position was fully reviewed by the taxing authorities and the finance department of this country with their eyes wide open, as part of government policy, the government withdrew the privilege which those institutions thought they were going to enjoy, with the result that their hopes have been frustrated. That is putting it pretty mildly.

I suggest to the minister that he might have allowed at least one year's operation of this law. I know that in certain cases he would have lost substantial amounts of revenue. I think that is apparent. In the case of one institution which I mentioned, I believe that the sum of $7,000,000 was either paid in or will be paid in, evidenced by pledges in writing which will no doubt be redeemed, and that there will be substantial loss of revenue. But that is not the case of the smaller institutions which stand to suffer most. When the minister comes to make his statement, as of course he will, I want him to justify fully and on ethical grounds the reason for the change that he has made, because I cannot bring myself to believe that he is on strong and sound ground there. It does look to me—I hesitate to say this again; I said it pretty strongly on July 3—as though there were some breach of faith with the smaller institutions, and they certainly feel as I feel about it. They have not asked me to say this, but I know exactly their feelings. They have a sense of frustration in their endeavours to strengthen their position while they are doing a magnificent piece of war work. Anything and everything that the government has asked them to do they have done, and many of them without compensation. That cannot be said of some of the larger institutions. I know of one institution which has received from the army sums in excess of a million dollars in a single year. I should not say "I know", because I have not a personal knowledge, but I have been told that they have received sums in excess of a million dollars in a year. Some others have been paid and some have not been compensated for the services they have rendered.

I suggest to the minister that at this time an educational institution is one arm of government in Canada. It is not a charitable institution. I am not going to labour the point. I know the minister will put this thing through. He has announced he will put it through. I suppose I am like the famous Bolivar. I am ploughing in the sands when I endeavour to get the minister to change his mind, because I have found he was inflexible in days gone by. But I could hardly let this opportunity go by without entering my protest against this type of legislation and against this change of policy on the part of the administration.

Mr. CHURCH: I had started to speak on resolution 32 this afternoon when it was allowed to stand. I wish to refer to the effect it has had on those who had a little money and had it taken away from them very largely by the burden of war and taxation. In everything that the minister does he has to get the money to run the war and support the war by income tax. About fifty-two per cent of the revenue comes from that source or from capital account. This resolution reads as follows:

> That the provision allowing deductions by a corporation from income of amounts paid by way of donations to charitable organizations in Canada be amended to provide that the amount of the donations made in excess of the average of the taxpayer's donations in the last two fiscal periods ending before July 1, 1942, shall be allowed as a deduction for purposes of the Income War Tax Act and the Excess Profits Tax Act, 1940, only to the extent that the total taxes payable by the taxpayer under the said acts are thereby diminished by forty per cent of the said excess, unless made before February 1, 1944, and paid or evidenced in writing before the said date or evidenced by a payment before the said date which is one of a series of payments to be made thereafter and accompanied by proper evidence of the undertaking.

We are near the close of the fifth year of the war and, as hon. members know, our charitable organizations, the churches, the universities and colleges of this country have had a most

precarious time of it. The same is true of the hospitals. As a result we were told the other day by the Department of Munitions and Supply that they had no materials, no labour to carry on this extensive building work in war time. The board of education of Toronto is many millions behind in primary and secondary schools. It has the money for it but has been refused materials and labour therefor.

Some constructive suggestions have been offered to the minister, among them a very good one coming from Archbishop Seager of the diocese of Huron, a gifted man, who is the metropolitan of the Church of England in Ontario, representing the house of bishops of the Church of England in Canada, supported by four other Protestant denominations, and also by Roman Catholic bodies and prominent members of their clergy. The bishop has written me several letters in the past nine or ten months. In the last one I received in May last he referred to the city of London, where they have a fine large university, Western, with a very fine medical faculty and some affiliated colleges. That university has done a great deal for western Ontario. Archbishop Seager wishes to offer some constructive suggestions to the minister, who, I believe, has had this memorandum laid before him. In his letter, Archbishop Seager says:

> Locally, here in London, we of our own Huron college, together with the university of Western Ontario and the bishop of the Roman Catholic diocese of London have forwarded a proposal to the Minister of Finance in the shape of a memorandum, a copy of which I enclose. The essence of it is that subscriptions may continue to be made for actual building projects after the war, without being subject to any change in the regulations.
>
> In addition, the university of Toronto is making its own representations in the matter . . .

There is a short preamble to the memorandum of this scholar and divine in which reference is made to the difficult time the universities and charitable organizations have had since the war began. As hon. members know, many of their sources of income have dried up on account of taxation and other economic controls, with the result that the universities, colleges and churches have been starved and the charitable organizations have been unable to carry on their work. I do not know what position they will be in after the war. We are a young country, of eleven and a half million people, and these charitable organizations, including the patriotic fund of the last war, the Red Cross, hospitals, churches, universities, and so on, all have to depend very largely upon private enterprise and private subscriptions from those who, before the present heavy taxes were imposed, gave millions of dollars to these wonderful charities and educational institutions of Canada. The preamble goes on to say:

> The recent amendments to the Income Tax Act which narrow the limits of gifts corporations may make to institutions broadly classified as charitable, have so adversely affected the prospects of leading institutions in Canada as to arouse serious fears in the minds of their officers and governing boards. These fears touch at least two aspects of the national effort to draft, before the end of the war, definite and practicable plans of reconstruction (especially those bearing upon employment) for the first part of the post-war period. The administrators concerned are, with reason, genuinely apprehensive that the new restrictions, if left without modification, will entail certain deplorable results.
>
> (1) A large number of institutions which have already instituted specific construction projects and have succeeded in collecting a portion of the amounts needed, find their efforts brought practically to a standstill and their plans for taking their part in the activities of reconstruction defeated.
>
> (2) There is a real danger that the enforced failures to carry out projects as outlined in (1) constitute a great menace to the reconstruction plans of the government in regard both to the problem of unemployment and to the various kinds of social services which the institutions are designed to give.
>
> Because of the government's declared desire to establish a sound and feasible policy of reconstruction in which all classes of citizens can cooperate, the following memorandum has been drawn up by representatives of educational and religious organizations of the dominion, in the hope that the government will give it careful consideration. It is asked that the memorandum be read in the light of the serious situation set forth in the foregoing preamble.

These representatives included four from the Protestant churches as well as some of the fine clergy of the Roman Catholic denomination, all united in the hope that the government will give the matter very careful consideration. The memorandum presented by this body is most constructive and helpful, and contains in the last clause a suggestion which I hope will be adopted. In substance it is as follows:

> (a) That the government, or the government's commission on reconstruction, institute a committee to be designated by some such title as the committee on approved building projects;
>
> (b) That the government request the educational and religious institutions to prepare plans for their respective building projects, and to submit such plans to the proposed committee on approved building projects;
>
> (c) That any such building project approved by the proposed committee be officially called an approved building project.

The proposers of this suggestion believe that once building plans have reached the stage of approval they can most expeditiously and economically be carried out by a responsible local committee of public-spirited, competent citizens.

Under the changes recently projected for the Income and Excess Profits Tax Acts, it seems that any corporation in Canada will not be per-

mitted to charge as an expense operation more than the average of the donations made by that corporation during the two fiscal years ended prior to July 1, 1942, unless the corporation is willing to pay a tax of 60 per cent of the amount of the contribution exceeding the average of the two years above mentioned. Apparently no donations will be allowable which exceed the statutory limitations of the five per cent of the net earnings of the corporation.

It appears to be the expressed policy and intention of the government to carry out numerous construction projects following the war as a method of creating employment. In view of this fact the sponsors of this memorandum venture to suggest that the welfare of the Dominion of Canada and its citizens would be better served through the amendment to the Income War Tax Act, whereby the present stated policy of the government—that the average of the donations during the two fiscal years ended prior to July 1, 1942, shall not be exceeded by corporation donations to operating charitable funds—should be altered to permit a corporation to donate to approved construction projects the difference between the average of the two years above mentioned and five per cent of the net taxable income of the corporation, regardless of the possibility that the corporation might be subject to 100 per cent excess profits tax, and provided that all contributions received by the approved construction project committee must be invested in Dominion of Canada non-interest-bearing securities to be due and payable on a date six months after the cessation of hostilities.

In this connection one must bear this in mind: the costs of construction projects of the above character would be paid for by donations which, even though the corporations making them might be in the 100 per cent excess profits tax class, would represent in each case a contribution of twenty per cent of shareholders funds which are repayable by the government to the corporation under the provision for refundable portion of the excess profits tax as provided in the Excess Profits Tax Act. This proposed policy would remove the objection of the government to the diversion of funds which are very necessary for the prosecution of the war. It would also ensure that such funds would be received by the government in payment for non-interest-bearing securities, as proposed above, and provide that after the war the government refund twenty per cent of the excess profits tax to corporations. By virtue of the suggested amendment the amounts refunded would be devoted to special war reconstruction and thereby create necessary employment.

One must note that under the provisions of this proposed amendment the government's indirect contribution to approved construction projects would fall far short of the eighty per cent of the total contribution to this object, since a great many donations will be made to such projects by individuals whose income tax would not reach an eighty per cent rate.

He concludes by making a suggestion, a most constructive one, in the following paragraph:

The sponsors of this memorandum believe the proposal should be given serious consideration by the government on the grounds that the carrying out of construction projects would involve beneficially every province of the dominion. If the government does not see the necessity to pass the suggested amendment to the income tax enactment, then the government is requested to make provision for authorizing the completion of construction projects which have already been started and for which funds have been solicited and partially collected.

That is a sensible proposal by the archbishop, on behalf of Protestant bodies, and it includes a proposal by the able Roman Catholic Bishop of London. Many other members of the clergy have made the same suggestion to the government.

We must consider what the universities in this country have done. I do not know what the universities are going to do after the war. They are carrying on extensive scientific work, to which the university of Toronto has made a fine contribution, and all universities have in the war given all their buildings for war to the government. Let us look at the work the universities have done in the fields of science and medicine. I referred the other night to the progress science had made, and the glorious contribution made by science in this war and in the past twenty-five years has won the admiration of the whole civilized world. We think at once of the Banting institute, the magnificent Toronto General hospital. We think of the work which the university of Toronto and all the other universities alike are doing in this war, and what science is doing. We think of the material progress being made as a result in trade and commerce, a progress which is most commendable.

In my view it is the duty of the government to come to the help of the universities and charities, at least to the extent suggested by the bishop. This was a most constructive suggestion, and he has performed a great national patriotic duty in making it.

Mr. NOSEWORTHY: The application of resolution 32, and its effect upon universities, has been discussed in this debate. I would call the attention of the minister to a statement I made in the house on June 22, in which I pointed out the basic needs of education across the country, and the extent to which the federal government should come to the assistance of education I gave some details as to how that assistance should be apportioned. On the subject of university education I said:

The financial condition of our universities has been difficult; during the past years they have found it necessary to increase student fees. The fee required to be paid by a university student to-day is on the average, in all our Canadian universities, eighty per cent higher than it was ten years ago. As a result our universities are rapidly becoming institutions for the privileged class. The test of admission to our universities is rapidly becoming a means test rather than a test of ability. This trend, apart altogether from the inequity to the individual and the loss to society through the failure to train our ablest

and brightest young people, can have but one effect on our universities; that is, a general impairment of educational standards. To-day our universities are operating on approximately $20,000,000. It is estimated that a federal grant of $5,000,000 would enable them to put their financial affairs in order and considerably reduce student fees.

As suggested by the hon. member for York-Sunbury, I think in the first place the legislation which provided tax exemption to individuals and firms contributing to educational and charitable institutions was basically wrong. I am in agreement with the hon. member to the extent that at the present time some public funds should be made available at least to our universities, and also to other educational institutions.

To my mind the only sound way in which that could be done is by definite government grants for that purpose. I think the principle of permitting universities to go out and canvass corporations, with a view to inducing them to put their money into universities, instead of paying it in taxes, is basically wrong. It is the Canadian public which, in the final analysis, is making that payment; and in my view the payment should go directly to the institutions concerned. There is only one ground upon which I would support that principle, and that is if the government finds it constitutionally impossible to make a direct grant to educational institutions. If that were the case, then we might overcome that constitutional difficulty by the indirect or roundabout method of granting exemptions from taxation, until such time as the government can make direct contributions to such institutions.

Certainly the time has come when the federal government must face up to the educational means of this country. The federal government must come to realize that education can never be adequate in many of our provinces, not only in universities but in the lower schools, until federal support is forthcoming. I sincerely hope that in the forthcoming dominion-provincial conference some discussion will be had on that problem, and some effort made to bring about cooperation between the dominion government and the provincial legislature, without infringing upon their constitutional rights, so as to make it possible for the provinces to place their educational institutions on a better basis. In that way we could have education available to all the youth in this country who have the ability and the desire to attend such institutions.

Mr. ILSLEY: In his speech on the budget the hon. member for York-Sunbury made a vigorous attack on the government's position in regard to charitable contributions. I did not answer it during the debate, because I thought I would leave such discussion until the resolutions were reached. That resolution is now before the committee, and I should like now to give hon. members a brief resume of the steps taken, and the reasons for taking those steps.

[Mr. Noseworthy.]

Up until the 100 per cent excess profits tax was imposed—and it dated from July 1, 1942—corporations made odd contributions for charitable purposes. Some corporations were fairly consistent givers, but not in very large sums. I suppose they felt they must always be in a position to justify to their shareholders the amounts of their contributions, and they were able to do that if the amounts were not excessive.

Up to a certain stage—I forget the year—corporations were given the same privileges as individuals. That is, they had the privilege of deducting, for taxation purposes, charitable contributions up to ten per cent of the income. But there came a year—either 1941 or 1942—when we thought that should be reduced to five per cent; for, since corporate profits before taxation have increased enormously during the war, after taxation they have increased very little. Five per cent of the total corporate income was a very large sum, in the aggregate. Nevertheless, as the matter appeared to us at the time, we felt that they should be at liberty to contribute for charitable purposes up to five per cent of their income.

I am not altogether sure that the hon. member for York South is wrong in his statement that the whole principle is bad, but I am not sure that he is right. I certainly would not have been worried about the extent of contributions by corporate taxpayers to charities if it had not started to get manifestly excessive and away beyond any legitimate corporate purposes.

When we talk about charitable organizations we must remember that they go far beyond universities. They include a wide range of non-profit enterprises, such as churches and municipal projects of one kind and another. When this fever reached its height about January last I began to hear of municipal projects which were contemplated, some to the extent of $500,000, $1,000,000 or $1,500,000, to be sponsored directly or indirectly by the municipal authorities and to be financed by corporations in the municipalities. These corporations had the privilege of deducting for taxation purposes up to five per cent of their income when donated for charitable purposes. If the company was paying 100 per cent excess profits taxes that meant that for the time being the whole 100 per cent would be diverted from the dominion treasury.

Mr. GRAYDON: What does the minister have in mind when he speaks of municipal projects?

Mr. ILSLEY: Auditoriums and skating rinks, which were allowed. These projects are laudable activities for the most part and I do not criticize them, but they covered a wide range and it really meant that Canadian corporations were able to divert funds which otherwise would be public funds. I am not saying that they were public funds, but otherwise they would be public funds. It meant that Canadian corporations were assuming the responsibility of diverting what would otherwise be public funds to charitable purposes of their own choice.

There was no possibility of getting an equitable geographical distribution of these donations; it was a haphazard method of diverting public funds and it was growing with tremendous rapidity. I was much concerned about it, because I knew how unpleasant a step it would be for the government to interfere with them. It is a thankless task to say to any taxpayer that he shall not donate money for charitable purposes. However, as the guardian of the treasury, as the custodian, to a certain extent at least, of public funds, I felt that the situation had reached the point where I should do something to stop it from going on any longer. I heard of campaigns which were planned and which were being planned in various parts of Canada. On one occasion I was consulted about a campaign that was projected.

It became fashionable, shall I say, for canvassers to go to corporate taxpayers and say frankly to them, "The government will get this if you do not let us have it; why not give it to us?" I do not think we could object to that type of canvass, but it always irked me to have canvasses like that made. I do not like it in time of war, no matter how fine the charitable project may be. It was something that went against my grain, but I do not think I could have taken any exception to it so long as our law was what it was. They could very well say, "There is your statute; that is what parliament has done; you cannot blame us for taking advantage of it, and we will pass upon the patriotism and the ethics of our course."

I felt that the only thing to do was to make a statement, which I did on January 31. This statement would have to take effect at once because no advance notice could be given. To have given advance notice would have meant the feverish collection of donations in the next few days, and I felt I had to make a statement, which I did at the end of January, with regard to donations made after January 31, indicating that there would be restrictions. I had no power to do this as Minister of Finance; the government had no power to do it, but I could give notice that when the budget was brought down I would introduce legislation which would be effective as from February 1, and that is what I am doing.

Mr. JACKMAN: You scared them.

Mr. ILSLEY: I think the announcement had the effect which I desired and which I think was the proper effect for it to have. The criticism of what had been done was quite voluminous, but the commendation, while more private, was also fairly widespread because there were a great many people who did not feel just right about what was going on.

Mr. JACKMAN: Did you get letters of commendation?

Mr. ILSLEY: Yes, but they are not producible; they are personal. I said that at the time of the budget I would introduce a provision whereby all companies would be on the same basis as to tax advantage, that there would be a forty per cent advantage. The majority of companies could get a tax advantage of only forty per cent on their donations for charitable purposes, but the minority of companies, including some large ones, could get a 100 per cent advantage. Those were the ones being subjected to this intensive canvass by persons interested in various charitable projects.

I do not intend to go into these projects, nor do I intend to deal with them in a hostile or critical way. The canvassers were well within the law; they were within their rights when they proceeded as they did.

Shortly after January 31 representations were made that there were certain companies which over a course of years had established the practice of making certain charitable donations. While it was understood that what the government desired to do was to prevent excessively and unreasonably high donations, donations out of all proportion to the purposes of a particular corporation, it was contended that we ought to make an exception in the case of a company continuing to give what they had normally given before the 100 per cent excess profits tax was in effect. It was contended that they should not be denied the full tax advantage if they kept within those limits, that they should not be penalized for doing what they had done before the 100 per cent excess profits tax came in.

Therefore on February 18 I modified the announcement by saying that companies might give up to the average of the two years before July 1, 1942. It is only when donations are in excess of that that they are limited to the forty per cent. This gives a great deal of scope for charitable donations, and I think many charitable donations are still made by corporations. Of course, indivividuals have never been touched at all.

Mr. JACKMAN: They were touched last year, drastically.

Mr. ILSLEY: They were touched last year by the high taxes.

Mr. JACKMAN: That is where it hurts.

Mr. ILSLEY: I am not arguing with my hon. friend. The ten per cent provision was not changed in so far as individual donations are concerned.

I received the memorandum which was read to the house by the hon. member for Broadview, but, having given this matter anxious consideration, first in January and again in February, I felt that I should not suggest to the house any change in the policy as laid down. Several charitable drives have taken place since January 31 and to change the basis now would be unfair to those who have conducted those campaigns. I think the present basis is sufficiently generous, all things considered.

There is one element of inequity in the situation which I cannot eliminate. Certain groups completed their drives before January 31 and raised a lot of money. Others were under way and were hampered to some extent, I suppose, by the announcement. Others were planning to get under way and as the hon. member for York-Sunbury said, are disappointed in their expectations and feel frustrated. But I did not feel that I could just sit still and see millions upon millions of dollars being diverted from what otherwise would have been the public treasury without taking a reasonable step for the protection of the revenues.

Resolution agreed to.

Mr. ABBOTT: Perhaps we may go back now to resolution 11.

11. That any enactments founded on—
(a) Resolutions 3, 4, 5, 8, 9 and 10 come into force on enactment; and
(b) Resolutions 1, 2, 6 and 7 be applicable to the income of 1944 taxation period and fiscal periods ending therein and all subsequent periods.

Mr. JACKMAN: I understand that the minister may have something to say in regard to the proposals which were put forward the other day, namely, that five years was not a very long period in which to have the lump sum payment on retirement extended for taxation purposes, and that it would be better if the lump sum which was given on retirement were extended either on the basis of the length of service of the man or woman to whom it was given, or on the basis of life expectancy. At least the life expectancy should be considered in determining the length of time over which the capital sum should be spread. Perhaps four or five years might be taken off the total life expectancy.

Mr. ILSLEY: If nothing is done the whole amount will be taxable in the year in which it is given.

Mr. JACKMAN: That would be very unfair, as the minister will agree.

Mr. ILSLEY: I agree that that would be unfair to the taxpayer, but I think it would be unfair to the crown if it were spread over the expectancy of life, and for this reason: If the taxpayer lives for longer than his expectancy of life the crown would be collecting taxes only for the period of his life expectancy. If the taxpayer lives for a shorter period than his expectancy of life, the crown would be collecting taxes only on part of the years. If we knew exactly how many years each employee would live I do not know that there would be anything unjust about spreading the payment over that number of years, but to take the expectancy of life as a basis would be far more unfavourable to the crown than that would be. Therefore I think it is fair to take a period somewhat shorter than the normal expectancy of life. Five years is shorter than the average expectancy of life at sixty or even at seventy.

Mr. JACKMAN: Of course it would be.

Mr. ILSLEY: Nevertheless I do not believe that there is any essential justice in taking the expectancy of life, because in all those cases where a person dies before that period runs out, the crown collects income tax only on part of the amount and, when they live beyond the expectancy of life, the crown is limited to taxes on the exact amount.

Mr. JACKMAN: It is a matter of equity; it cannot be exact. But surely in equity the subject has some rights as well as the crown. Supposing a man who has been working for a company which did not have a superannuation plan gets a lump sum gratuity at sixty. It is true that these superannuation plans are becoming more the vogue, as they should be, but a great many of our companies have not had them up to date. Suppose that an

employee or executive on retirement at sixty is given a lump sum of $5,000 or $25,000; he will be taxed on one-fifth of that sum in each of the next succeeding five years, which is a very heavy tax, almost an extortionate tax at the present high rates. But suppose his expectancy of life was fifteen years. Why could we not compromise and spread the taxation over ten years? Surely that would be working against the subject and in favour of the crown. But when the minister takes an arbitrary figure of five years he is making the principle work against the subject to a degree which is against all principles of equity.

Some of these large corporations retire all their executives at sixty in order to bring in new blood and give an opportunity to the younger men. We have seen the same principle adopted in the air force. The minister for air has stated in the house that rapid promotion in the air force brings its own penalty, because when men were rapidly promoted they were got rid of at a comparative early age to make room for younger officers who had won their spurs on the field and these younger men were to be promoted to the senior jobs. The same thing applies in business. The Woolworth company retires all its executives at sixty, I believe, to make room for younger men coming in with fresh ideas. Suppose a man is given a substantial sum upon retirement from such a company at sixty, and he has a life expectancy of from fifteen to twenty years. Under this clause he is going to have taxed away the greater part of that capital sum in a five-year period, and it will go to the crown instead of being used for the purpose for which it was given to the employee. I hope that the minister, who surely seeks only fairness in this regard, will see fit to arrive at something that will be in favour of the crown, if you like—I have no objection to that—but that will also be fair to the subject. If we adopted the principle of life expectancy, less a few years, if you will, it would give equity to the subject as well as making sure that the crown gets all the revenue to which it is entitled.

Mr. ILSLEY: Just how far should parliament go in arranging the affairs of taxpayers for them? This is a matter which is entirely in the hands of the employer and the employee. If the employer wishes to pay the employee an annuity or pension, there is nothing to prevent the employee from accepting it, in which event the employee will be taxed each year as long as he lives. If the employer wishes to spread it over ten years, or over seven or eight years all that can be arranged between themselves and the taxation imposed accordingly. If they wish to make another arrangement, to give a lump sum gratuity, there is no presumption that that gratuity is intended to be spread over the remaining years of the employee's life.

Mr. JACKMAN: That is a reasonable presumption.

Mr. ILSLEY: There is no more presumption that it is to be spread over the remaining years of his life than over the next five years. So that all we can do is to take an arbitrary figure and just say that if you want to arrange your affairs in that way and take a lump sum we will not tax it all in one year, which is the law at the present time, but will spread it over five years; and if you want it in smaller sums, arrange accordingly to pay it in smaller sums.

Mr. JACKMAN: Of course a corporation could use its head, if you will, and give a life annuity to the employee. There are cases. How they arise or why, I am not in a position to say; but the very fact that the minister brings in this resolution shows that there are cases where men and women, former employees of companies, do get lump sums given them. The minister can say better than I can why they get them, but he has pointed out that if the company would use its head and give the employees an annual income in place of a lump sum the government would get only so much taxation. On the other hand, because they happen to have given a lump sum, for reasons which the minister can explain better than I can, the taxation is not only three or four times but eight or ten times as much as it otherwise would be. The crown wishes to take advantage of the subject's lack of knowledge of the taxation laws of the country. I am only pleading for something approximating the taxation that the crown would get if the company used its head.

Exactly the same question came up last year in connection with annuities. There, if the husband seeking to provide for his widow leaves an annuity, constituted of all the principal he has, we find that the widow pays three or four times as much taxation as if the widow received the capital outright. The hon. member for Vancouver East supported me after he had heard the arguments and changed his mind against the minister. This case is similar to the annuity question. If a man knew exactly how long his widow would live he would say to her, "Here is a capital sum to draw an income from during your normal expectancy of life, of fifteen or twenty years, and you will also take $400 or $500 of capital and you will have enough to get by on." But

he does not know how long she will live, and because he does the only sensible thing he can do and buys her an annuity, the government collects four or five times as much as it otherwise would.

This case is similar in principle. I admit that if the companies used their heads the crown would not get this excessive taxation, to which it is not entitled. At any rate, the cases are there, and I only ask that the subject, seeing that he does not know the incidence of the taxation laws of the country, should be fairly dealt with. I submit that some clause should be framed having as its basis the normal expectation of life of the person who receives a lump sum on retirement. Normally I should say, as the minister has admitted, that if a man retires at sixty or seventy his expectancy is ten years. But the crown wishes to have all the money it can get even from poor people who are trying to provide for their old age and it fixes the period at five years. Ten is not too large a figure, and I should be glad to move that the word five be changed to ten in the section. It is only an approximation. It does not go the whole way, but it does come a little nearer to what is fair and it does not rob the treasury of anything to which it is rightfully entitled.

Mr. ILSLEY: On a point of order, the spreading of the amount over ten years instead of five years would mean of necessity that the amount of income of the individual each year would be less than it otherwise would be, and my submission would be that it would affect the revenue adversely.

Mr. JACKMAN: We discussed this matter while the minister was in the banking and commerce committee this afternoon.

Mr. ABBOTT: It was held over to be decided to-night.

Mr. JACKMAN: The principle was.

Mr. ABBOTT: I raised the same point of order on the motion of the hon. member for York West. That was to be decided this evening.

Mr. JACKMAN: I am not an authority on parliamentary rules, Mr. Chairman, and I shall, of course, have to abide by your decision, but I should like to hear argument from others. It was contended in this house, however, in connection with ways and means, that private members did have the right to suggest alternative means of raising revenue and even of suggesting means which might not necessarily raise as much as the proposals brought down by the government.

Mr. KNOWLES: I am not now expressing my view of the amendment proposed by the hon. member for Rosedale, but speaking to the point of order I would call attention to citation 502, in Beauchesne's third edition, which is the citation I read this afternoon when the hon. member for York West proposed his amendment. It reads:

> A private member may move that certain specified taxes be readjusted and that the scope of tax exemptions be enlarged.

I believe that the citation to which the Minister of Finance has reference is 500. It might be argued that this book of rules at times might be used both ways and that this is a case in point. In citation 500 I read:

> Proposals for the variation or modification of taxation can therefore be made in the committee—

The reference is to committee of ways and means.

> —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.

My point is this. Even though the rules do specify the limitations set out in citation 500 they go on, in citation 502, to specify something that a private member can do in committee of ways and means, namely, to move that certain specified taxes be readjusted and that the scope of tax exemptions be enlarged.

Mr. ABBOTT: But not reduced.

Mr. KNOWLES: As a matter of fact I do not agree with the amendment proposed by the hon. member, but I support his right as a private member to move that amendment.

The CHAIRMAN: It has been moved by the hon. member for Rosedale (Mr. Jackman) that in line four the word "five" be struck out and the word "ten" be substituted therefor. There is a point of order; does any other hon. member wish to speak to it? The hon. member for Winnipeg North Centre has mentioned citation 502 of Beauchesne's parliamentary rules and forms, third edition:

> A private member may move that certain specified taxes be readjusted and that the scope of tax exemptions be enlarged.

That principle applies to the committee on the bill only and not to ways and means. That

is the meaning of that citation and of citation 500 as quoted by the hon. member. Citation 500 reads:

Though it is the function of the committee of ways and means to impose rather than to repeal taxes, example of the repeal of taxation effected in this committee are to be found upon the journals. Proposals for the variation or modification of taxation can therefore be made in the committee; but these proposals must be grafted upon the financial scheme submitted by the government, and must not affect the balance of ways and means voted for the service of the year.

I have no doubt that such an amendment will affect the balance of ways and means. Consequently I rule the amendment out of order Shall resolution 11 carry?

Resolution agreed to.

The CHAIRMAN: The hon. member for Broadview, with the sanction of the committee, wishes to revert to resolution 13 to raise one question. Does the committee consent?

Some hon. MEMBERS: Yes.

Mr. CHURCH: A week ago last Monday night at eight o'clock the Chairman very properly called twelve resolutions, and all were carried in five minutes at the time I was in. I wished to ask but missed a question at that time regarding resolution 13. My question had reference to the allowance of $300 to a trade union deduction in connection with a superannuation or pension scheme approved by the minister. Doctors, physicians and lawyers have trade unions. Would resolution 13 apply to the superannuation fund of a clergyman of the United church, the Baptist church or any other church that has superannuation funds—they are all trade unions—if it is approved by the minister?

Mr. ABBOTT: I am advised that the amounts paid into that type of superannuation fund are already covered by the law.

Mr. CHURCH: Does that include fees? Is there a uniform practice for all clergy in Canada?

Mr. ABBOTT: I do not know what my hon. friend means by "fees". But contributions by the clergy to recognized superannuation funds are deductible by them from their income for tax purposes.

Mr. CHURCH: Do they all file income tax returns?

Mr. ABBOTT: I am afraid I do not know. Those who are taxable do.

30. That the tax credit allowed to a taxpayer of forty per cent of contributions made by him in the year 1943 to associations, syndicates or mining partnerships organized for the purpose of prospecting in Canada for base metals or strategic minerals be extended to include a tax credit in respect of contributions in the year 1944.

Mr. ADAMSON: Is this the resolution as amended?

Mr. ABBOTT: The same point of order was raised on the amendment, Mr. Chairman.

Mr. ADAMSON: Speaking to the point of order—

The CHAIRMAN: Resolution 30 stood this afternoon.

Mr. ADAMSON: We are now back on it and, since a point of order was raised on my amendment, I have a right to speak on it. This is in a rather different category from the previous amendment, and I again wish to quote citation 502, of Beauchesne's, which is as follows:

A private member may move that certain specified taxes be readjusted and that the scope of tax exemptions be enlarged.

This amendment of mine merely strikes out one word, enlarging the scope of exemption and therefore comes under citation 502. It does not increase or diminish the revenue; it merely increases the scope of tax exemptions because it is a definite case. I have moved that in resolution 30 all prospectors for all metals and all strategic minerals be exempt. It is an enlargement of the resolution and comes under this citation. I feel that citation 500 is not germane to this particular case because it is a definite and specific motion with regard to the enlargement of the tax exemption. It applies to a specific instance of enlarging the exemptions to include all prospectors engaged in the search for all metals. At the present time the resolution is limited to base metals and strategic minerals. We discussed this matter at length this afternoon. I want the resolution to read that it includes all metals and strategic minerals. I therefore suggest, Mr. Chairman, that your ruling is not in conformity with the rules in this case.

Mr. KNOWLES: I wonder if I may speak again on this point of order; in essence it is the same point we had when the last amendment was before us. I am not speaking on the merits of the amendment but only on the point of order. I hope, Mr. Chairman, you will permit me to address myself to the point that you made in discussing the point of order the last time when you called my attention to your belief that citation 502 referred to the committee of the whole when dealing with the bill. I would first call your attention to the index to Beauchesne's Parliamentary Rules and Forms, at page 883. About half way

down the page appears the heading, "committee of ways and means." The eighth entry under that heading is, "'readjustment of tax, 502." I realize that the index is not necessarily the final authority, but we start from there as indicating the fact that citation 502 deals with the committee of ways and means. Then if we turn back to citation 502 itself, although we do not find any reference there to the committee, if we check back to the previous citation which you quoted, Mr. Chairman, citation 500, and also citation 494 as well as some others, we find that the references all along are to the committee of ways and means. I therefore submit with due respect, despite the ruling you gave on the previous occasion, that citation 502 does refer to the committee of ways and means, which is the committee in which we are now sitting. I can see that there might be some difference between the essence of the amendment moved by the hon. member for Rosedale and the amendment moved by the hon. member for York West; yet it does seem to me that this present amendment, entirely apart from what I may think of its merit, is a motion for readjustment of taxes and an enlarging of tax exemptions. I would therefore respectfully suggest that this amendment should be considered as in order.

The CHAIRMAN: On the point of order, I must refer again to citation 502. Every hon. member fully realizes that we are now dealing with the different paragraphs of the resolutions. Those resolutions will eventually become a bill. When that bill goes into committee of the whole some amendments that are out of order now will be in order on the committee stage of the bill. However, I must give my ruling on citation 500, and I will ask hon. members to listen very attentively to it. It is as follows:

> 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.

I shall read the amendment moved by the hon. member for York West (Mr. Adamson):

> That the word "base" be struck out of clause 30.

There is no doubt that the moment you include all precious metals you immediately change the balance of ways and means. There could be no question about that. For these reasons I move the amendment out of order.

[Mr. Knowles.]

Mr. JACKMAN: May I ask what you mean by "the balance of ways and means"? Do you mean the total amount of revenue the treasury may get? Is that what you mean? I do not know what it means.

The CHAIRMAN: I am sure that every hon. member will be struck by the fact that the moment you include some very large industries which are not included at the present time in the resolution, as is proposed to be done in the amendment, it is bound to affect the revenue, since it enlarges the scope of the resolution. There is no doubt in my mind that it must affect the balance of ways and means voted for the service of the year. That is the point on which I base my ruling.

Mr. JACKMAN: I presume by "balance of ways and means" you mean the total revenue the crown might receive. If that is the case, the change I have suggested, from five years to ten years, might work to the benefit of the crown. It might easily be found that many companies would be willing to give their employees a lump sum which could be spread over ten years and on which the government would get its proportion of taxes, instead of giving them life annuities or some other form of payments based on expectancy.

The CHAIRMAN: Order.

Mr. JACKMAN: I am suggesting that the balance of ways and means, if affected at all by the change I have mentioned, might work to the benefit of the crown rather than to its detriment. I think it is up to the minister or up to you, Mr. Chairman, if you maintain your ruling, to point out that what I suggest would be against the amount of revenue which the crown would receive rather than in its favour.

The CHAIRMAN: Shall the resolution carry?

Mr. JACKMAN: I should like an answer to that question.

Mr. ABBOTT: You are questioning the ruling of the Chair.

The CHAIRMAN: I have given my ruling and the hon. gentleman must either abide by it or appeal from it. There is no doubt there would be a decrease in revenue if the suggestion of the hon. gentleman were applied to the entire mining industry. Undoubtedly this matter could be better dealt with by the Minister of Finance, but I am not changing my ruling in regard to the amendment.

Mr. JACKMAN: I was not speaking on the amendment; I was merely asking whether you had given consideration to this phrase, "the balance of ways and means," when you

ruled against my amendment on the ground that it would decrease the amount coming to the treasury. Of course I accept your ruling, but I suggest that my amendment might easily bring more rather than less revenue to the treasury.

Mr. GREEN: Before this resolution carries, may I point out to the Minister of Finance that earlier in the day several hon. members suggested to his parliamentary assistant and to the Minister of National Revenue that the resolution should be extended to cover a contribution made by one individual to a prospector rather than left to cover, as it does now, merely contributions to an association, syndicate or mining partnership. We had in mind the well known practice of grubstaking an individual prospector. I do not want to repeat the arguments that were advanced this afternoon, but I thought we made out a very good case, and I am convinced that the membership of the house at large would be in favour of extending the provision to cover such contributions. We feel that the only argument put up by the minister's assistant and by the Minister of National Revenue was the difficulty of administering such an extension, and frankly we do not consider that to be good enough. I would ask the minister if he would not give further consideration to the suggestion.

Mr. ILSLEY: I was not here this afternoon; however, I understand that there was a long argument on that point, and that reasons were given by my parliamentary assistant and by the Minister of National Revenue as to why contributions to individual prospectors should not be recognized. Those hon. gentlemen are more familiar with those reasons than I am, but it seems to me the reason why it was limited to syndicates and associations is that there is a degree of control over audit and an examination of the affairs of syndicates and associations which are impossible in the case of individuals. The very association of people makes it more certain that the money will be spent for the purposes set out in the act than would be so in the case of individuals. I do not know all the reasons given this afternoon by hon. gentlemen on this side of the house, but I believe that is the principal reason why we thought this should be limited to these syndicates. This point has not been raised previously. I remember that we had a long argument over this provision a couple of years ago, during which everything was discussed but this suggestion that donations to individuals should be recognized. That would be a transfer of money from one man to another, provided he would do certain things with it.

Mr. GREEN: That is the way most of our mines in British Columbia were opened up.

Mr. ILSLEY: I do not know why the point is so late in being brought up. This provision was fully debated in the house two years ago. I do not believe it was debated last year; I think we were on some other phase of the matter then, but now the hon. member for Yukon has brought up the point. I think I have given the main reasons why we consider such donations could not be recognized.

Mr. GREEN: In all mining centres in British Columbia there are gold commissioners or mining recorders, who are officers of the provincial government. They have wide powers of control over all mining and prospecting within their respective districts, and they are responsible officers. I should think a certificate from one of those officials would be quite sufficient. If the government received a certificate from the gold commissioner, they could bank on it as being absolutely correct. I believe the difficulty could be overcome in some such way as that. Actually the fact is that most of the mines in British Columbia have been discovered by individual prospectors, and in many cases that was made possible only because those prospectors were grubstaked by people in the towns.

Mr. ILSLEY: Is this worth while doing from a public point of view? This is the 19th day of July. I am informed that all prospectors in Canada are at work now. It may be that a great many individuals and perhaps companies made advances to prospecting syndicates or associations believing that the law for the year 1944 would be extended, and that therefore they might have some moral claim to consideration, such consideration being the privilege of deducting these donations from their income for taxation purposes. Certainly if the prospectors are all out now, no one who contributed out of his own means to an individual prospector has any moral claim or equity at all, because that never was the law; it was not the law the year before last or last year, and he had no reason to think it would be the law this year. To make it the law now will, as far as I can see, not get a single prospector out for the rest of the year. Is that not correct?

Mr. GREEN: No; the minister is wrong there. The year is not over yet; it has only begun. The men could not get out in the

mountains of British Columbia until a couple of months ago. There is plenty of time yet, and there will be all next year.

Mr. GRAYDON: If I may intervene and say just a word, I suggest that the last part of the minister's argument was not very sound. He based his position on the fact that because it is so late in the year the change suggested would have very little effect upon the prospectors. If we take that attitude each year, how can we make a change at all, for each year the same argument will apply. We must make a start somewhere, and perhaps this is the time to prepare for next year. I only rose to point out what I think are obvious flaws in the argument of the minister, and to suggest that his argument does not do his case justice in this instance.

Mr. ILSLEY: I think my argument is pretty good. We are legislating for the year 1944 only. It is war-time legislation, to encourage prospecting for base metals and strategic minerals. That is for war purposes, and for this year only. This was enacted two years ago, and again last year and this year. I should hope that this would be the last year it would be necessary to give more encouragement to search for minerals having strategic necessity.

The hon. member has suggested that perhaps we should get started on next year. I do not know whether there will be any such legislation next year. But what I am saying is that if my information is correct—and I may say I do not know much about it, except what I get through the officials, and from people who come to see the officials—prospectors are all busy. Is that not so?

Mr. McCANN: No; ordinarily prospectors do not go out until the fly season is over, that is in July or August.

Mr. GRAYDON: Better not rely on that kind of advice.

Mr. McCANN: They know more about it than you do.

Mr. GRAYDON: That would be a very poor standard to set up.

Mr. ILSLEY: Well, it is a shame to hear the leader of the opposition criticizing the advice, because the advice, unfortunately, corroborates the hon. member himself.

Mr. ADAMSON: The minister must remember that when he says prospectors are busy, all able-bodied men are busy at this time. Because prospectors are busy it does not follow that there is a healthy state in prospecting. Because there is a tremendous speculative boom in two particular sections of this country, it does not mean that that reflects a healthy state in prospecting, or that all prospectors are busy and engaged in their professions.

That is why I brought in this question of allowing prospectors to prospect for all metals, using their complete profession, rather than prescribing and limiting the metals they are to look for. I do not intend to argue this matter further, because I argued it this afternoon. It must be remembered, however, that the prospector of to-day is a very different individual from the prospector of a few years ago. To-day the prospector employs a great deal of scientific equipment. He uses a diamond drill, and a process of radio-location known as the doodlebug. He employs a great many scientific instruments, and has to be trained in his work. Not only that, but in the main ore-bearing belts in Ontario and Quebec he has to overcome a great deal of overburden, and has to get down to bed rock.

In other words, he has to do a great deal of work that the old prospector, the man who went out and found the minerals showing, did not have to do. His work to-day is entirely different. To-day it is a science, when compared with the old system. It was said that the old prospector had a nose for ore, but it is very different to-day. I do not think the minister appreciates fully the dependence in the future that we shall have on the prospecting industry. He does not appreciate the fact that from the time a find is made, four or five years must pass until the time of a producing mine, irrespective of how encouraging the find may be, or irrespective of the fact that the mine may be close to an established gold camp or base metals camp.

That is the reason why I moved the amendment this afternoon, and that is the reason why I tried to say, "Let us broaden the picture this year, even though it is a war year, and even though we are still in the greatest depths of strain in the war." Let us enlarge this now, because it will not have immediate effect. These things have delayed action, and we must remember that now is the time to let the action start—because we are not going to use up any more of our man-power. The men are there. Let this delayed action start now, so that when the time comes when our men require work and when, with all due respect to our monetary theory, we are going to need every ounce of gold we can produce, we shall be in a good position. Let us now strive to find that new gold and all those new precious metals we shall need. Now is the time, irrespective of the fact that we are still at war.

I appreciate the minister's argument, and I appreciate his difficulty in changing taxation in the depths of war. But we must prepare at this time for the time which lies ahead.

The CHAIRMAN: Before we proceed further, hon. members will find that standing order 40 refers to repetition. I must say that for two hours this afternoon hon. members, including myself, spoke on this matter. The time has arrived when we ought not to repeat ourselves, when members should speak to the resolution before the committee. I believe that every hon. member will agree to that suggestion.

Mr. NOSEWORTHY: I should like to ask three questions. First of all. I understand that the effect of this resolution is to benefit the financial backer of the prospector, not directly the prospector himself. The prospector benefits only to the extent that this makes it easier for him to secure financial backing. Is that not correct?

Mr. ILSLEY: The backer is the only one who gets the tax benefit.

Mr. NOSEWORTHY: Yes. So that the only benefit the prospector gets is that this makes it a little easier for him to get money from someone to grubstake him.

Mr. ILSLEY: Yes.

Mr. NOSEWORTHY: My second question is this: What is involved in a partnership? I notice that this exemption may be claimed for anyone financing a partnership. I know a number of prospectors, and so far as I have been able to learn, very few of them go out singly. On most occasions they go out in pairs. What is involved in their getting support under this resolution? What is involved in establishing the fact that they are partners? How difficult is that?

Mr. ABBOTT: I explained that this afternoon, in part. The resolution provides for contributions or payments made to associations, syndicates or ordinary partnerships registered or otherwise recognized under the laws of any province in Canada, and organized for the purpose of prospecting in Canada for base metals or strategic metals. So that the partnership would be an ordinary partnership constituted in accordance with partnership laws of the particular province in which it was operating and registered or otherwise recognized by the laws of that province.

In other words, it would be a legally organized partnership, organized for the purpose of prospecting for base minerals. The point is that it need not be a corporation. This resolution does not extend the benefits only to incorporated bodies. It extends them to partnerships and syndicates, which are unincorporated bodies. A partnership may consist of two or more individuals.

Mr. NOSEWORTHY: My third question is this: Let us suppose that funds are provided for a partnership on the understanding that they are out to prospect for base metals. If in the course of their prospecting they discover precious metals, would they be penalized to any extent, or would they lose the benefits of this resolution?

Mr. ILSLEY: In order to qualify an association, the syndicate or mining partnership must be organized for the purpose of prospecting in Canada for base metals or strategic minerals. That purpose must be established to the satisfaction of the taxation authorities. If gold is found, that fact of itself would not be sufficient to rebut the allegation that the purpose was to prospect for base metals and strategic minerals, but if it is made clear that the purpose was to look for gold and not for the base metals or strategic minerals, the deduction would not be allowed.

Mr. NOSEWORTHY: How do they establish the fact that they are prospecting for base metals? It is not necessary for them to discover base metals in order to get the exemption?

Mr. ILSLEY: No.

Mr. NOSEWORTHY: How do they establish the fact that they are searching for base metals?

Mr. ABBOTT: They just say they are looking for them.

Mr. JACKMAN: They cannot get any manpower for gold.

Mr. ILSLEY: The facts would all have to be looked into. As I say, the fact that they found gold would not of itself be sufficient to rebut their claim that they had been established for the purpose of searching for base metals and strategic minerals, but the places where they had looked and all the circumstances might indicate that they were not looking for strategic minerals and base metals, in which event the deduction would not be allowed.

Mr. NOSEWORTHY: I had in mind the prospector who went out definitely to prospect for base metals but who happens to find precious metals. He is not penalized because of that accident or good fortune?

Mr. ILSLEY: That is covered by the previous answer.

Mr. NOSEWORTHY: Can the minister tell us what was allowed last year to syndicates, partnerships and associations under the terms of this resolution?

Mr. ILSLEY: The deputy minister informs me that he thinks it is available but it is not here. We shall try to have it before the bill is brought in.

Mr. JACKMAN: If any of these associations, syndicates or mining partnerships happened to be successful and found a claim which was worth money, would they be taxable as an entity in themselves apart from the individuals who composed them?

Mr. ILSLEY: The hon. member is asking if they would be taxed on the profits they make?

Mr. JACKMAN: If an individual prospector went out he would not be taxable if he made a find, as might happen in one out of ten thousand cases. But where you have an association or a syndicate or a mining partnership and in the one case out of ten thousand they are lucky and make some money, would tha profit be taxable, and at what rates? If it is, then obviously it would create a substantial discouragement. As the minister knows, the present tax laws prevent the starting up of any new business because the government take is so large that very little is left to recompense the person for the risk involved, to say nothing of his having a return on the money invested. What rate of taxation is there on the association? What rate is there on the syndicate? What rate is there on the mining partnership? If this resolution is to have any meaning at all we must know that.

Mr. ILSLEY: Could we give the answer later? It is a pretty general question.

Mr. JACKMAN: General, but rather significant.

Mr. ILSLEY: The hon. gentleman perhaps wants to know what would be considered as profits. There cannot be any question about profits being taxed, but the question would be whether it would be capital gain or profit.

Mr. JACKMAN: I suppose there is only one way of getting money. If you grubstake a prospector and he finds a claim which is developed into something and you sell it for a worth-while amount, you may get many times what you put into it by way of grubstaking. I want to know whether that potential profit would be taxable, and at what rate. For instance, what is meant by "association" in the eyes of the taxation law, and what rate applies? It is not a question of whether it is capital gain or operating profit. I presume you look upon these things as capital profits or operating profits or capital gains on the part of the association, syndicate or partnership.

That is the only source of revenue they are likely to have, what is obtained by disposing of claims which have developed into real prospects. I want to know what the rate of taxation is. It may be so high as completely to defeat the purpose the government has in mind in inserting this resolution in our taxation scheme.

Mr. ILSLEY: I do not know how much farther I can go in this. If they make a profit—

Mr. JACKMAN: The association?

Mr. ILSLEY: If the association, mining partnership or syndicate make a profit, it is taxable. If they are incorporated, it would be taxable at the corporation rate.

Mr. JACKMAN: Is the association a corporation?

Mr. ILSLEY: Bring along your association and I will tell you. If it is incorporated, of course it is a corporation. If it is not, it is not.

Mr. JACKMAN: Supposing the minister and I formed an association to grubstake some people to search for essential materials.

Mr. GRAYDON: That would be a pretty shaky partnership.

Mr. JACKMAN: It certainly would be. By a stroke of good fortune they come across a likely looking prospect and we sell it for $100,000. Is that $100,000 taxable, and at what rate? I do not know; I am asking the minister. If business does not know where it is at, how is it to go ahead? People do not lay plans unless they know what the chances are. That is what is wrong with so much of this taxation legislation that is brought down before this house. If the minister formed a partnership with me and we make $100,000, is that to be frittered away and shall we get no return even though fortune smiles on us? I am asking what the rate is and nobody seems to know.

Mr. ILSLEY: Would it be different from any other business we might go into? If the hon. gentleman and I formed a partnership to go into business we would be taxed on the profits of that business.

Mr. JACKMAN: How much?

Mr. ILSLEY: At the individual rates. The principles of taxation of partnerships and in-

dividuals constituting partnerships are all set out in the Income War Tax Act and the Excess Profits Tax Act.

Mr. JACKMAN: Where an individual grubstakes a prospector he is not taxable. If I go up into the north country, find a mine and sell it for a good price, I am not taxed on that money. That is a capital gain. If I form a partnership you say I shall be taxed, but an individual would not be taxed.

Mr. ILSLEY: I was trying to find out whether the hon. gentleman wanted to know whether something would be regarded as a capital gain or as profit. Is that his question? If he would write me a letter outlining the circumstances and ask for a ruling as to whether it is a capital gain or an operating profit I would try to get a ruling from the Department of National Revenue.

Mr. JACKMAN: Suppose that an association makes $100,000 by the sale of one of these claims; what rate of taxation applies to that? Suppose it is a syndicate. I do not know what rate of taxation a syndicate pays; I never was in a syndicate. That is a simple question. Suppose that there is a gain of $100,000 and that there are five partners.

The CHAIRMAN: In my opinion many of the questions asked have not been relevant to the resolution before us.

Mr. JACKMAN: On the point of order, Mr. Chairman, my question is extremely relevant because busines men must know whether there is any reward for their effort and for their assumption of risk.

Mr. NOSEWORTHY: I should like to ask a question along the same lines as that asked by the hon. member for Rosedale. Let us suppose that six prospectors find a claim and the claim is sold to a syndicate, which in turn sells the stock to the public and realizes, let us say, one million dollars on the transaction. That one million dollars is considered a capital gain and is not taxed. Has not that been happening all the time?

Mr. ABBOTT: I think this is completely outside the resolution, Mr. Chairman. The members of the committee are anxious, I take it, to get a high-class legal opinion as to whether a certain man is taxable or not. This resolution does not affect the taxability of individuals, mining partners, syndicates or anybody else. If they have made a net profit they will be taxed under section 3 of the Income War Tax Act. We do not tax partnerships as such under the Income War Tax Act, but the individual partners are taxed on their proportion of the profits. I do not know whether it is fair to ask the minister or even his parliamentary assistant to give free legal opinions. I make my living outside this house giving legal opinions for an adequate charge.

Mr. ADAMSON: The minister, I think, suffers from a fundamental misconception of the mining industry. A prospector goes out and stakes a claim. The minister and I go out in the bush and stake a claim, and we sell it to the minister's rich friend from Montreal sitting beside him. Are the minister and I taxed on what we sell it for to the parliamentary assistant?

Mr. ABBOTT: I would suggest that my hon. friend see his solicitor in Toronto.

Resolution agreed to.

33. (a) That any enactment founded on resolutions 20 and 29 be brought into force on enactment; and

(b) That any enactments founded on resolutions 1 to 19 inclusive, resolutions 21 to 28 inclusive and resolutions 30 to 32 inclusive be applicable, unless otherwise stated, to the income of the 1944 taxation period and fiscal periods ending therein and all subsequent periods.

Mr. JACKMAN: This was held over because it was consequential on some other clause.

Mr. ABBOTT: This is just the coming into force clause.

Mr. JACKMAN: I was merely protesting against the haste. If the clause is all right I am satisfied.

Resolution agreed to.

Mr. MARTIN: Before we go any farther, Mr. Chairman, this might be a convenient time for me to bring up a matter which was discussed the other evening and which the acting chairman ruled was out of order. It had to do with complaints of people who are known as commuters, people who live in the border communities.

The CHAIRMAN: I shall have to rule again that the hon. member is out of order. We are in committee of ways and means, and there is a rule that there must be a clause before the committee.

Mr. MARTIN: We have just passed resolution 33, and before we go any farther, Mr. Chairman, I thought I would be in order in bringing up a matter which might well have been dealt with specifically by a resolution in ways and means.

The CHAIRMAN: If there is no clause among these resolutions dealing with the

matter I do not see how the hon. member can be in order in discussing it unless the committee gives its unanimous consent.

Mr. MARTIN: I have great respect for your ruling, Mr. Chairman, but I did discuss the matter with no less an officer than the author of Beauchesne's Parliamentary Rules and Forms, and I suggested that this might be the proper place. I do not know whether that can be regarded as a persuasive authority on the matter.

Mr. GRAYDON: When this matter was up before, the hon. member for Essex East and I took some part in it, and my understanding was the same as his. I thought that at the conclusion of our consideration of these resolutions an opportunity would be provided to discuss matters which might have formed part of the resolutions themselves but which for various reasons of government policy were omitted. I think the committe ought to give my hon. friend the opportunity to put his case before us. I know something about the commuters' case, and my hon. friend is an authority on it because he lives in a border community. I think he ought to be allowed to say a word.

The CHAIRMAN: I was simply stating the rule. I have certainly no objection if the committee consents, since I am positive that no one would object to the hon. member's speaking.

Mr. KNOWLES: The same latitude must be given to other members.

Mr. MARTIN: Following the suggestion of the leader of the opposition, I think the matter should be aired here. It will not take a great deal of time. It is not a matter that has come to the attention of the Department of National Revenue or the Minister of Finance for the first time. There has been considerable correspondence as well as conferences over it.

Mr. ILSLEY: If my hon. friend will permit me, if the precedent is established of raising any subject that might have been covered by a resolution, the privilege will have to be extended to other members. The hon. member for Essex East has been making representations to me and to the Minister of National Revenue about this matter, and I know that he wants to discuss it. I am not sure as to the propriety of discussing it now, but I think he could discuss it on the second reading of the bill to amend the Income War Tax Act. That opens up the whole act, and we will bring it on as rapidly as we can. I think under the rules that would be the regular course of procedure. But if my hon. friend were permitted to raise the subject here, any other member could bring up any other subject and say that it should have been dealt with by a resolution.

[The Chairman.]

Mr. MARTIN: If your ruling is, Mr. Chairman, that I am still not in order, although I thought I had prepared my ground sufficiently to be in order, I have no other course than to follow the suggestion made by the minister. I have tried to bring this matter up on two occasions, and I had thought I had convinced the Minister of Finance that the matter is one which deserves careful consideration.

The CHAIRMAN: I have no doubt that the hon. member would be in order in bringing the matter up on the second reading of the bill to amend the Income War Tax Act, as suggested by the Minister of Finance. I want to say that I have sometimes been criticized myself for not strictly adhering to the rules and forms, and I know the hon. member always adheres to them closely.

Mr. GRAYDON: Can you criticize the Chair?

The CHAIRMAN: Members of parliament have certainly been most kind to me. I would point out that when we are in committee of the whole in ways and means officials of the government are often held up at some length in their functions. I believe the point of order was well taken.

Mr. MARTIN: I hope the Chair did not take anything that I said as a reflection upon it.

The CHAIRMAN: Positively not. I know the hon. member too well even to have such a thought.

Resolution agreed to.

EXCESS PROFITS TAX ACT

6. That a taxpayer, whose income in the taxation period is, in the opinion of the minister, derived from the carrying on of a business substantially different from the class of business carried on by such taxpayer in the standard period, be required to have its standard profits ascertained by the board of referees as if they had not commenced business before the second of January, 1939.

Mr. COTE: Under this resolution I would call the minister's attention to the remarks I made on Thursday last on behalf of optometry, when I urged that this profession be considered as a profession and their services exempted from the tax. I do not wish to prolong the debate, and for that reason I would ask the permission of the committee to place on *Hansard*, without the necessity of reading it, a statement showing points of

similarity between optometry, on the one hand, and the two professional groups of oculists and dentists, on the other, who are already admitted under the exemption clauses of the Excess Profits Tax Act.

The CHAIRMAN: By unanimous consent of the committee.

Mr. COTE: This comparative statement is not a very long one:

	Oculist	Optometrist	Dentist
Is a college or university course necessary to qualify?	Yes	Yes	Yes
Must one pass qualifying examinations and be licensed to practise?	Yes	Yes	Yes
Are scientific instruments and equipment necessary to conduct practice?	Yes	Yes	Yes
Does it take years to build up a large practice?	Yes	Yes	Yes
Where does the therapeutic device or appliance come from?	Most have them made in an outside laboratory	Same	Same
	Some have their own laboratory	Same	Same
Who supplies and fits the therapeutic device or appliance?	Some supply and fit	Most supply and fit	Most supply and fit
Is an examination conducted to determine the need of the aid or appliance?	Yes	Yes	Yes
Are the specifications for the aid or appliance prescribed?	Yes	Yes	Yes
What about the fitting?	Many do Most do not	Most do Some do not	Most do Some do not
What about the periodical adjustments?	Same as above	Same as above	Same as above
What about the repair work to the aid or appliance?	Same as above	Same as above	Same as above

To supplement this statement, I would say that these three professional groups, the dentists and oculists on the one hand and optometrists on the other, are consumers of certain materials. One consumes certain dental materials, such as set of teeth made of gold, porcelain, platinum and cement, and the other consumes ophthalmic materials such as lenses and mountings. There is no substantial difference in principle. In both cases, the therapeutic or appliance is useless and worthless if professional services are not rendered with it. It must be remembered that the optometrist's fees to his patients are for professional services rendered in his examination, refraction, prescription, interpretation, fitting, and servicing, and the latter service goes on something for years. The cost of the material consumed by the optometrist is only a small part of the fee charged for professional services. Years of faulty thinking on this subject on the part of a few persons cannot alter the facts or effect the truth of the matter. In the province of Quebec the government has recognized this fact, and neither the dentist nor the optometrist is charged with sales tax in connection with his patients. They are both considered professionally, not as vendors but as consumers of materials. I respectfully submit, therefore, that for most of the reasons I mentioned the other day, when discussing unusual medical expenses, the optometrists should be regarded as a professional group; that the services they render should be considered professional services and that therefore they should be exempted, as regards their fees, from the application of the excess profits tax.

Mr. ABBOTT: I understand that the practice, really the law, is that in the case of optometrists that portion of their charge which represents the fee for examining the eyes and giving advice and a prescription as to the type of glasses that should be used is properly chargeable as medical expenses under the section which we discussed the other day, but that if, in addition, they procure glasses,

spectacles, and sell them to the client, that is exercising a trade or business, and consequently that part is not subject to deduction in connection with medical expenses and presumably would be subject to excess profits tax if the business were over $5,000. I am advised that is the practice followed under the English act. A separation must be made between the respective functions performed by this class of practitioners as between professional activities and trading activities.

Mr. COTE: My interpretation is that the procurement of eyeglasses by the optometrist to his client should not be regarded as a sale, because it is not a sale. He prescribes eyeglasses and this prescription is entrusted to an ophthalmic laboratory. Then the produce of that prescription, the eyeglass, is returned to the optometrist who fits and delivers it to his client. The transaction is exactly the same as with the dentist who writes his prescription and sends it to the dental mechanic or laboratory who fills the prescription and returns it to the dentist, who supplies his client with the dental plate or whatever it may be. I contend, therefore, that the whole transaction must be regarded as coming within professional services. This has been admitted in several instances and more particularly by the city of Montreal, which has enacted a specific bylaw recognizing that the prefessional services of the optometrist must not be limited to the eye examination but must be extended to include the prescription and supplying of glasses. I would ask the minister to give this matter his most serious consideration in order to render justice to a professional group who have a good standing throughout Canada and who urge that this principle be maintained.

Mr. ABBOTT: I would have to agree with my hon. friend that there is some analogy between the dentist who makes a plate for his patient and the optometrist who examines his client and decides what type of glasses he needs, and thereupon proceeds to sell him a pair of glasses. There is, however, a definite trading aspect on that side of the optometrist's work which is considered as a trade or business for tax purposes. The dentist, on the other hand, is generally regarded as a professional man. We do not hear of dentists selling plates, but we do recognize that optometrists sell glasses.

Mr. COTE: That is a misconception, because a distinction must be made, for instance, between sun glasses or dark glasses and eyeglasses. Any pair of dark glasses may be equally useful to the parliamentary assistant and to me; it is a public commodity. It is salable as such, and there is no specific or scientific fitting to suit the peculiar requirements of any particular individual, whereas I am sure the eyeglasses which the parliamentary assistant wears would not be of any value to me or to anybody else, because in the latter is an item of professional service which is exclusively necessary to fill the need of each individual case. That makes the eyeglasses a piece of scientific equipment, and for that reason they are entirely different from sun glasses or anything else. That is why I say we may sell sun glasses, but we do not sell optometrist's eyeglasses individually prescribed. These glasses are made for his clients and are of no use to anybody else, to the same extent as is the dental plate.

The ACTING CHAIRMAN (Mr. McCann): Shall the resolution carry?

Mr. JACKMAN: We are on resolution 6. May I just revert to resolution 5 which I hardly had time to read before it was passed? I wish to make a suggestion with regard to the words, "in the opinion of the minister", which ordinarily means in the opinion of the deputy minister. I do not know whether or not it would change the meaning of the section if these words were left out, but they do create in the minds of a great many people who have to pay taxes a feeling of—I shall not say "distress", but it is like waving a red flag. Surely the question of whether or not a business was started on or before June 26, 1944, is a question of fact. If the taxpayer claims that his business was started on a certain day and the department refuses to accept it, I suppose the taxpayer has the right to appeal to the Exchequer Court of Canada. What purpose do those words serve? They are most objectionable to some people.

We are now considering resolution 6. Would the minister explain the type of businesses or taxpayers which are sought after by this section? I do not quite understand it.

Mr. ABBOTT: This proposed resolution covers really what is a technical point. At the present time our Excess Profits Tax Act defines standard profits, and I quote:

> The average yearly profits of a taxpayer in the standard period in carrying out what was in the opinion of the minister the same class of business as the business of the taxpayer in the year of taxation.

The proposed amendment provides for the determination of standard profits by the board of referees where the business of the taxpayer is substantially different from the business carried on by the taxpayer in the standard period. In the act there is no definition of standard profits where the business is substantially unlike the business carried on during the standard period,

and there is no power to send to the board of referees. In other words, to give an example, the business may have been carried on during the standard period to manufacture stoves, and by reason of shortage of material or something else they switched to the manufacture of a completely different commodity. There is a gap in the act. Under those circumstances it can be argued that they have no standard profits at all because they are not carrying on the same class of business. I would say it is a technical point arising out of the definition contained in the act. It does not enlarge the scope of the act in any way. It just covers one of those drafting oversights, and probably on balance it may be and should be beneficial to the taxpayer.

Mr. JACKMAN: Suppose the stove manufacturer had a fairly successful business and had a reasonable return on his capital over and above what the board of referees are allowed to grant. Owing to shortage of materials the stove business is no longer in operation and the owner turns his equipment over to the manufacture of shells. It is clear he cannot use his old manufacturing base. What I want to find out is what authority the board of referees have to grant him a base over and above five to seven per cent, is it, on his assets in connection with the manufacture of shells, which may be very small in relation to his pre-war profits.

Mr. ABBOTT: The section which defines standard profits is paragraph (i) of section 2 of the Excess Profits Tax Act, which reads:

> Standard profits means the average yearly profits of the taxpayer in the standard period in carrying on what was in the opinion of the minister the same class of business as the business of the taxpayer in the year of taxation or the standard profits ascertained in accordance with section 5 of this act.

It could be argued that in the case such as has been cited the taxpayer has no standard profits at all and that, therefore, all his profits are excess profits. Or it might be argued that since he has no standard profits he is not subject to the provisions of the Excess Profits Tax Act at all and is only subject to the Income War Tax Act. It is to clarify that position and to provide that in the case of a taxpayer whose business is substantially different from the class of business which he carried on during the base period the question of his standard profits shall be referred to the board of referees for determination. Of course, the board of referees will be governed by the general rules respecting determination of standard profits.

Mr. JACKMAN: It may easily turn out that if the stove manufacturer was making $100,000 taxable profits before the war and has turned his business entirely over to war production, on a strict evaluation of his assets in that class of business the board of referees would only grant him perhaps $10,000 or $15,000. Is that a situation which might arise out of the application of this resolution? It seems rigorous. I cannot see that the direction of the board of referees is such as to allow a fair return commensurate with what he was earning before.

Mr. ABBOTT: He will have the same rights as every other taxpayer appearing before the board of referees. First, as to new business, the standard is determined by the board of referees in accordance with the rules laid down by the act. If he can show that he has a depressed business, then he would get standard profits determined under section 5. If he can show that the business was one in which capital was not a major factor, then the board of referees can take that into account. But, broadly speaking, where the business is substantially different from the business carried on during the standard period, the standard profit is to be determined by the board of referees.

Resolution agreed to.

7. That the provision permitting a taxpayer to deduct from tax the amount paid to any foreign country for income tax in respect of the income of the taxpayer from sources therein, be amended by deleting the requirement that such foreign country in imposing tax allow a similar credit to persons in respect of income thereof from sources within Canada.

Mr. KNOWLES: Would the parliamentary assistant explain this resolution?

Mr. ABBOTT: This resolution corresponds exactly to resolution 25 of the income tax resolutions which were discussed at some length this morning. It is exactly the same provision. If a Canadian income taxpayer is subject to tax abroad he may deduct from his Canadian tax the amount of tax which he is obliged to pay in the foreign jurisdiction. That is the law now. But the requirement that the foreign country should afford a similar privilege to our citizens is now being eliminated, and the Canadian taxpayer can take that credit whether the foreign country grants a reciprocal provision or not. It is exactly the same provision that was set out in resolution 35 with respect to income tax, as distinct from the excess profits tax.

Mr. JACKMAN: Which other countries do not afford us reciprocal provisions? I presume the only two countries in which we are interested are Great Britain and the United States.

Possibly there are some others, but the minister might explain why we cannot get reciprocal provisions with them and what countries they are.

Mr. ABBOTT: I am advised that a great many countries do in their statutes as we do in ours, grant this provision. The deputy minister advises me that in the department they have a list, which may be incomplete, setting out the various statutory provisions, but that is not here. Certainly the United States and Great Britain do have this reciprocal arrangement, and they are the two most important countries from our point of view.

Resolution agreed to.

8. That the standard profits be adjusted upwards to the extent of five per centum of the increase of the capital employed at the commencement of the 1944 taxation period over the capital employed—

(a) at the commencement of the 1939 taxation period; or

(b) at the commencement of the first fiscal period after 1939 in respect of the taxation of the profits of which the board of referees have determined a standard profit:

Provided that such increase in capital employed shall be reduced by the amount of any increase in capital employed accompanied by an equivalent increase in capital stock on which an adjustment of seven and one-half per centum has been made to the standard profits as already provided in the act.

Mr. ABBOTT: There is an amendment to be moved, a further proviso to be added. The amendment is that resolution 8 to amend the Excess Profits Tax Act, 1940, be amended by adding thereto the following proviso:

Provided that, if the capital employed at the beginning of any fiscal period ending in 1945 or a subsequent year is less than the capital employed at the beginning of the 1944 fiscal period, the standard profits may be reduced by an amount equal to five per cent of the reduction in capital employed, but not to an extent greater than the previous upward adjustment made under this provision, dividends being presumed to be paid from profits most recently earned.

Mr. MACKENZIE (Vancouver Centre): I move accordingly.

Mr. KNOWLES: I listened closely to the minister's arguments in favour of this move, which he gave on June 26, and I have reread them as they appear at page 4182 of *Hansard*. I grant that the minister has made a case for the step he is taking, but I consider that some of the things that strike me in this connection should be pointed out. I am prepared to have the minister correct me if my understanding is not accurate. It seems to me that once this upward adjustment of standard profits is allowed, it must be admitted that it will have certain effects. It will provide some relief in taxation to certain corporations. It will result in some loss of revenue to the treasury. It will also result in certain increased profits to corporations and, to the extent that there may be greater profits for distribution in the form of dividends, it has a bearing on the fight against inflation. As I have said, I grant that the minister has made a case, but the point I wish to emphasize is that if he finds it necessary to take this step, in spite of the results I have enumerated, he should appreciate the position when some of the rest of us in this house come along and suggest adjustments that we feel need to be made, even though they may have some of these same effects. The parliamentary assistant and I had a little spat the other day over that very attitude.

Mr. ABBOTT: Very friendly, though.

Mr. KNOWLES: Oh, quite; the hon. gentleman and I get along very well even when we fight. The point I was making then was that the adjustments for which we on this side of the house ask should be considered in the same light as the adjustments proposed by the government. I suggest that resolution 8 is a particular example of an adjustment the minister has found necessary, despite the effects which I have enumerated as likely to result. I have in mind at the moment one group of people in particular who are much concerned at the delay in making an adjustment as far as they are concerned; I refer to the railroad employees throughout the country. For some considerable time their case has been before one of the boards, and they have been anxiously awaiting a decision. The discussion that has gone on in the press in regard to that matter has related to the very things I have mentioned, particularly the fight against inflation. Still these things are allowed to happen in this case, while on the other hand we have the railroad employees who are feeling quite disturbed at the long delay in dealing with their case. I know that does not come directly under the minister, but it is part of the government's wage-freezing and anti-inflation policy. The point I am suggesting here is that there has been some relaxation in resolution 8 as far as the profits of private corporations are concerned. We ask for similar consideration for other groups of people.

Mr. ILSLEY: I think it is a pretty far-fetched comparison. The idea of the Excess Profits Tax Act is to take away excess profits; but when a company grows into an altogether different sort of thing than it was in the standard period; when it becomes a much larger entity than it was in the standard period, then the provision is no longer fair.

Mr. KNOWLES: I grant that, but the same thing is true in the other case. All we are asking is fairness on both sides.

Mr. ILSLEY: The hon. gentleman is saying that he wants fairness, and so do I. He points to certain things and says that this has some inflationary effect. It would be very remote indeed, I should think. We would have to take a particular case and trace it through. It does have this effect, I admit: If you raise the standard profits it makes a little less than you take away in 100 per cent profit, but whether or not that would have any effect upon dividends I should think would be very uncertain. There might be a little more there in the company. However, the hon. member does not oppose this on grounds of unfairness.

Mr. KNOWLES: No, I am just trying to emphasize the fact that if the reason for this is the ground of fairness, that is likewise the ground we use in the cases we bring to the attention of the minister.

Mr. JACKMAN: I would point out to the hon. member that this is not an increase in rates earned. It is simply an application of the same rate to a greater number of employees. There is no increase in the rate. It is simply that more capital has been put into it, and they are getting returns on it for the first time.

Mr. KNOWLES: It is a relief in taxation, as compared with what the case would be if the resolution were not passed.

Mr. JACKMAN: It is a relief from a hardship. At the same time, the second amendment means that if the amount of capital is less than it was before, he ought not to be allowed to earn so much. The rate remains the same.

Mr. ILSLEY: If you let the situation alone you would be taking more than 100 per cent of the true excess. It is merely applying the 100 per cent rule on a fair basis. That is all it is doing. It is necessary to do certain things in a time of war that are not altogether fair, because of the terrible consequences of not taking that course of action. The economy becomes so complicated that precise equity in every instance is impossible. I presume there is not precise equity here even yet. Certainly there has been inequity through the year.

This is applicable to 1944 for the first time, even though the company had been growing during that period. There were inequalities all during that time, and they were not recognized at all. But there comes a time when it becomes a little too difficult, and an adjustment has to be made.

Mr. JACKMAN: I should like to draw the minister's attention to some of the remarks I made in my budget speech. I made a plea for a step-up for those in the salaried brackets, above those who received cost of living bonus. As I said at that time, many people accept low salaries in their early years, just as do civil servants, until they reach a maximum. Owing to the effect of the wage-freezing order their wages have been kept at a very low level. I believe it is three or four years—perhaps three years is correct—since the wage-freezing order was made. So that I think consideration should be given to the effect which that order has had on many of the white-collared class who not only have been faced with higher taxes—as we all have—but are not getting the advances which they otherwise would have got, and who as a result are feeling a peculiar hardship.

Wage-earners, particularly those who are unionized, have been able to get increases in wages or, in some cases, have transferred their employment. But many of our finest citizens, receiving small salaries, people in the white-collared class, have had no increases in pay, yet their responsibilities have greatly increased during that time. It seems to me that there must come a time—and I think that time has already come—when consideration should be given to a step-up in their salaries, where justified, and where employers would be willing to make the increase which would ordinarily be made, if the freezing order had not been in force.

Mr. ILSLEY: I listened to the hon. member attentively when he made his budget speech. It is a question whether there should be a gradual retreat.

Mr. JACKMAN: When a man becomes more useful to his employer, it is just like an increase in capital.

Mr. ILSLEY: I cannot say anything in reply to those representations. The trouble is they are there on every side. They are on prices, they are on wages, they are on salaries and on everything else. I do not know what the government should do under those circumstances. You might very easily make a retreat, and then the fight against inflation would become a rout. I might easily do that. But, on the other hand, certain adjustments have to be made from time to time. As the hon. member has said, there have been a great many wage adjustments.

Amendment agreed to.

Resolution as amended agreed to.

9. That companies which elect or have elected since January 1, 1940, under the Income War Tax Act to file consolidated returns be not permitted to file such returns under the Excess Profits Tax Act in respect of fiscal periods ending on or after January 1, 1944.

Mr. KNOWLES: May we have an explanation?

Mr. ABBOTT: I shall endeavour to explain it. The law now permits companies which have wholly-owned subsidiaries to file a consolidated tax return, upon paying two per cent additional tax, I believe it is. Up to comparatively recently, in the case of a company and its subsidiaries, the standard profit for excess profits tax was taken as being the standard profit of the parent, together with the standard profit of the subsidiaries.

A ruling was issued some time ago that in the case of companies which had elected to consolidate subsequently to January 1, 1940, the standard profit should be restricted to the largest standard profit of a company in the group, plus $5,000 for each of the other companies.

This measure further restricts that right, and it provides that in the case of companies which elected prior to January 1, 1940, to consolidate, there is no change in their position. That was before the war. In the case of companies which have elected since that time, after January 1, 1944, they will no longer be able to file consolidated returns for purposes of excess profits tax. It is a measure which I think would have the effect of curbing or checking possible abuses. In other words, each company will stand on its own feet so far as excess profits tax and standard profits are concerned.

Resolution agreed to.

10. That the provision allowing deductions by an unincorporated taxpayer from income of amounts paid by way of donations to charitable organizations in Canada be amended to provide that the amount of the donations made after January 31, 1944, by a taxpayer carrying on business, in excess of the average of the taxpayer's donations in the last two fiscal periods ending before July 1, 1942, shall be allowed as a deduction for purposes of the Excess Profits Tax Act, 1940, only to the extent that the tax payable by the taxpayer under the said act is thereby diminished by fifteen per centum of the said excess, unless made before February 1, 1944, and paid or evidenced in writing before the said date or evidenced by a payment before the said date which is one of a series of payments to be made thereafter and accompanied by proper evidence of the undertaking.

Mr. ABBOTT: Exactly the same provisions are included here as were included in the Income War Tax Act with respect to charitable donations.

Resolution agreed to.

[Mr. Ilsley.]

11. That any enactments founded on—
(a) Resolutions 3, 4, 5, 8, 9 and 10 come into force on enactment; and
(b) Resolutions 1, 2, 6 and 7 be applicable to the income of 1944 taxation period and fiscal periods ending therein and all subsequent periods.

Mr. JACKMAN: Reverting to resolution 10, may I say that I do not think there is any complaint to be made about the intention of the resolution; it is meant to apply only to the taxpayer whose business comes under the Excess Profits Tax Act, but it says "unincorporated taxpayer," which would mean any one of us.

Mr. ABBOTT: If he is subject to the provisions of the Excess Profits Tax Act.

Resolution agreed to.

DOMINION SUCCESSION DUTY ACT

Resolved, that it is expedient to amend the Dominion Succession Duty Act, and to provide:—

1. That the definition of "child" be extended to include that child to whom the deceased stands *in loco parentis*.

Mr. GREEN: Under this act as it stands at the present time an estate is taxed in accordance with the terms of the will, but in some provinces there is what is known as a testator's family maintenance act under which judges of the superior courts have the power to vary the succession. I understand that the Dominion Succession Duty Act pays no attention to an order made under one of these provincial acts, and the result is that succession duty may be levied against a person, say on $10,000, when a judge of the provincial court may order that that person shall receive only $1,000. I understand that some cases have been adjusted by refunds of money or something of that sort, or by the passing of a special order, but I think the act should be amended so that situations of this kind will not arise.

Mr. ILSLEY: I am totally unaware of the situation to which the hon. gentleman refers, and I shall have to give it consideration between now and the time the bill is brought in. I shall have to take it up with the Department of National Revenue to see if consideration has been given to the problem. The deputy minister informs me that he does not know of the situation.

Mr. GREEN: Cases have actually arisen where a person named in a will has paid succession duties, say on $10,000—I am just using that as an arbitrary figure—and then an order has been made subsequently by a provincial court drastically cutting the amount. That obviously is not right, and the act should be changed to meet that situation.

Mr. ILSLEY: I will look into the matter. On the facts stated it would look as though the taxpayer should have a refund, but I do not know.

Mr. BENCE: I understand that this act was passed to raise additional money during war time. It is purely a succession duty proposition, but there is one thing I should like to point out and object strenuously against. The people who administer the Dominion Succession Duty Act are the same officials who look after the collection of the dominion income tax. They use the powers granted to them to prevent the issuance of a certificate in order to force the representative of the estate or the beneficiaries to file income tax returns over a period of years in the event that they have not been filed.

I suggest that the administration is taking an unfair advantage of the Dominion Succession Duty Act to go into another field of taxation in order to hold up a person from getting a little bit of money. I have a recent case where the only asset of the estate was a little bit of insurance. The widow knew nothing about her husband's affairs, but she was obliged to dig around for a lot of information about her husband's business in order to be able to file income tax returns for a number of years before his death. I do not contend that the deceased was justified in not filing income tax returns, but the fact is that this money was held up and the certificate was not issued. The powers granted under this act are being used for an entirely different purpose. I suggest that if the matter is to be dealt with, it should be dealt with under the Income War Tax Act.

Mr. GIBSON: We were not taking unfair advantage at all. After all, the estate was being wound up, and it is the duty of the taxing officials to see that any income tax returns should be filed that have not been filed. It is their duty to do this when the size of the estate indicates that returns should have been filed.

Mr. BENCE: The estate may indicate that a man was fairly well equipped financially, but this case was a small estate of about $5,000 life insurance. It happened to be the only cash asset the widow had, but it was held up until she furnished income tax statements with respect to the last three or four years before her husband's death.

Resolution agreed to.

2. That when a person is given a general power of appointment or disposal over property, such property be subject to duty as if it were given directly to him, and, upon his death, the person then benefiting be regarded as his successor for purposes of taxation.

Mr. ADAMSON: I should like to mention a specific case which I think will come under this resolution. Since this case is public property I will mention the name. It is the Arthur E. Burgett estate. Mr. Burgett was the former bishop of Edmonton and his estate was left entirely to charity. I should like to show what happened to the estate. The deceased resided at Oak Bay, Victoria, British Columbia, and he died on December 13, 1942. He was formerly Bishop of the Diocese of Edmonton, but resigned his episcopal office in 1940 and removed his place of residence to Victoria. He was unmarried and had no relatives in this country.

His estate had an inventory value of $179,469 and consisted almost entirely of securities which were in his possession in Victoria. By his will be made provision for an old servant by the devise of a cottage and the bequest of an annuity. The total amount expended for the benefit of this servant was between $14,000 and $15,000. The point I wish to bring up is in connection with the residue of his estate. This amounted to $163,914, and apart from a small bequest to the Diocese of Edmonton, it was given for the aid of divinity students at Bishop's college, Lennoxville, Quebec, and Trinity college, Toronto, and for missionary work in the ecclesiastical province of Rupert's Land.

Among the securities which the decedent owned were stocks in companies having head offices in British Columbia, Manitoba, Ontario and Quebec, and all of these provinces claimed succession duties on assets transferable in their respective jurisdictions. These claims amounted as follows:

British Columbia—		
Probate duty	$ 2,190 45	
Succession duty	12,828 98	
		$15,019 43
Manitoba		37 08
Ontario		11,647 42
Forward		26,703 93
Quebec		12,865 65
The Dominion of Canada also claimed duty on the estate less one-half of the charitable gifts, and this amounted to		9,191 89
Making a grand total of		$48,761 47

The dominion, of course, also claimed the "forgiven" portion of 1942 income tax which, with other income tax assessments, amounted to approximately $2,000 additional, so that out of the estate of $179,469.28, over 90 per cent of which was given for charitable purposes in Quebec, Ontario and western Canada, the several government taxing bodies deducted almost $50,000, or approximately 27 per cent of the estate. None of these taxing bodies

made any allowance for duties paid in other jurisdictions in estimating the taxation rate which was fixed on the aggregate value of the estate everywhere.

It seems to me an indefensible policy that there should be so many jurisdictions in this case, and I bring this matter up on this resolution just to show what is happening to-day through our system of dual and triple taxation by succession duties. The whole estate of this bishop with the exception of a small bequest to a faithful servant was left to charity, and yet very nearly fifty thousand dollars in taxation was imposed. I wonder whether the committee is aware that this is the sort of duties that are being imposed to-day by our succession duty acts. Practically the whole estate was given to charity. I hope the minister agrees with me that these rates are quite indefensible in justice and in law. This estate is closed now and has been probated, but I honestly suggest that the minister give serious consideration to an immediate conference with the provinces, so that these double and triple imposts shall not continue to destroy particularly assets of a clergyman of the church who was leaving his entire fortune to charity. I think our whole succession duty system should be given the most careful revision to prevent things like this from happening in the future.

Mr. ILSLEY: I have not anything really to say about that. It is not strictly relevant to the resolution.

Mr. ADAMSON: I thought it would be relevant under "power of appointment".

Mr. ILSLEY: I would not think so. That has a technical meaning. We proposed once that all succession duties be handled by the dominion, but we did not get very far. I think there is much to be said for their being handled by one administration only. But I would not agree that charitable donations be entirely exempt from succession duties. I cannot help thinking that one very important purpose for which money should be devoted is the transaction of the important business of government.

Mr. BENCE: I should like to have an explanation of this resolution and to know why it is introduced at this time. Does a person who is given a general power of appointment under this resolution include persons who do not get any benefit out of the estate? In other words, does it include a person who is just a trustee or a type of trustee who is given a general power of appointment for a certain number of years and has to distribute the proceeds of the estate among sons and daughters or other classes at a certain time, and has not the use of the money himself? Does this double taxation exist in a case like that?

Mr. ABBOTT: This is to cover a technical omission from the act. It is to take care of the case where a general power of appointment is given and the man does nothing about it. The resolution says "such property be subject to duty as if it were given directly to him and, upon his death, the person then benefiting be regarded as his successor for purposes of taxation." There would, I take it, be no additional taxation.

Mr. BENCE: I am not clear on that yet.

Resolution stands.

Progress reported.

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

Thursday, July 20, 1944

The house met at eleven o'clock.

VACANCY

RESIGNATION OF MEMBER FOR THE ELECTORAL DISTRICT OF PORTNEUF

Mr. SPEAKER: I have the honour to inform the house that I have received the resignation of Pierre Gauthier, Esquire, as member for the electoral district of Portneuf. I have accordingly issued my warrant to the chief electoral officer to make out a new writ of election for the said electoral district.

CANADIAN FIRE FIGHTERS

ANNOUNCEMENT OF ORGANIZATION OF DETACHMENT FOR SERVICE IN EUROPE

Hon. L. R. LaFLECHE (Minister of National War Services): Mr. Speaker, may I inform this hon. house that a detachment made up of volunteers from the corps of Canadian fire fighters now in the British isles has been organized for service on the continent of Europe in support of our invading armies. The Canadian detachment will work with the national fire service of the United Kingdom. The authorities in Great Britain have requested that no information be given out as to the strength of the detachment.

It is with very much regret that I must announce that three members of the corps are recent casualties: one, senior fireman John Stewart Coull of Winnipeg, Manitoba, has been killed, and leading fireman John Robert Cook Leguee, also of Winnipeg, and senior fireman Joseph Antoine Willie Cassidy, of Campbellton, New Brunswick, seriously

injured by enemy bombs somewhere in England. The next of kin were informed some few days ago and the names of the injured men have since been taken from the seriously injured list.

CANADIAN FORCES

DISTURBANCES AT PETAWAWA CAMP

Hon. J. L. RALSTON (Minister of National Defence): Perhaps this is the proper place for me to make a correction in the statement which I made in answer to the question asked by the Leader of the Opposition (Mr. Graydon) on July 10 with respect to disturbances at Petawawa. At the time I answered my hon. friend I found his question on my desk when I came into my office, and I went immediately to the telephone and got the information from the officers at headquarters. They gave me the information which I immediately gave the house in answer to the question. I now have the proceedings of the court of inquiry and the report of an investigation conducted by the officers of the department whom I directed to be sent to Petawawa, and I very much regret to find that the information I gave the house was not accurate.

I said that at the training centre commanded by Colonel Johnston the only disturbance in recent days had taken place about three weeks ago. I find, in fact, that there had been two disturbances on successive nights; one on June 25 and the other on June 26. The incident on June 25 took place around nine o'clock that evening. A large group of approximately one hundred and fifty men had gathered close beside the canteen and there was some argument between some unidentified persons. I mention that particularly because I stated to my hon. friend that there were only two men involved in each case. The officer tells me that there were only two men involved in the fight, but at the same time I did not have the information that there was a crowd in addition to that. Hebert, a witness, states that he saw a scuffle and noticed a sergeant and a couple of other ranks lying on the ground. None of these has been identified. Another witness, Peters, a coloured man and a boxer, says he saw a few men "pick on" the sergeant. This latter witness did not know what the argument was about but he decided to participate in the scuffle in order to help the sergeant, and he got into the fight and says that the crowd was arguing whether he was fighting for the general service or the N.R.M.A., and that he said he was not on either side—all he wanted was fair play. Hebert, who had been acting as a regimental policeman, called the provost who intervened. The scuffle stopped almost immediately and the crowd moved off.

About twenty minutes later it appeared that a man named Dussault insulted Hebert, the acting regimental policeman. There had been bad blood between them in the past arising from personal differences. No fight ensued, as friends on both sides stopped them. However, tempers had risen and Dussault incited the soldiers who were still there to get after Hebert; the latter and two of his friends ran for safety in an office nearby. Most of the crowd followed and the office door was forced open and the upper panel broken. Hebert and his friends escaped by the window. At this time the crowd had increased and there were approximately two hundred men milling around. The regimental sergeant major and some senior non-commissioned officers arrived, ordered the men to proceed to their huts, which they did, and when the orderly officer arrived immediately afterward everything was under control. Hebert, one of the escaping men, reported to the medical inspection room with a lacerated nose. Dussault was the only man identified in the group which forced the door, and he was disciplined. I may say as a matter of fact that Dussault was just back from embarkation leave. I think he is now overseas. Both Hebert and Dussault were general service men.

The second incident was about nine-thirty the next night. It is substantially as I stated last week. Two men, both general service soldiers, had been doing some drinking and got into an altercation but did not come to blows. A group of about fifteen soldiers got around them, and when the orderly officer ordered them to break up they did so immediately. A little later a crowd of about fifty had gathered, apparently waiting for something to happen. There was some argument going on but no fight. After the canteen closed there would be probably two hundred men around. The orderly officer was in the vicinity from nine-thirty onwards. He saw the men in their huts and the lights out. He stayed around until about eleven o'clock and when he left everything was quiet.

These are the incidents at training centre A-1 commanded by Colonel Johnston. I had said there was only one disturbance, but as I have just indicated, there were disturbances on two different days. As I mentioned to the house, there had been an incident some time ago at training centre A-2. I said it was

about two months ago. As a matter of fact it was on April 9, over three months ago. I said on the tenth that the rumour was that there was a fight between a general service and N.R.M.A. soldier. I find now that what happened was that a general service soldier got into a dispute with another general service soldier as a result of some objection he made to singing in French. He was ejected from the wet canteen by regimental police. It was just closing time, and after the crowd had left the canteen they gathered outside. There was some shouting and noise which attracted men from the neighbouring huts. A crowd gathered, estimated at about a hundred and fifty men. The regimental sergeant major came on the scene and ordered the men to disperse, which they did. No one was injured, there was no fighting and no property damage.

It should be noted by the house that a crowd of two or three hundred men would not be at all unusual at canteen closing time in a large camp like Petawawa, where there are between nine thousand and ten thousand men.

The officer af Camp Petawawa who gave the information which I gave to the house explains the incompleteness of the telephone information on the ground that he had not then seen the proceedings of the inquiry. I would like to repeat that I received the question of the leader of the opposition only a few minutes before the opening of the house, and in my desire to answer promptly I immediately telephoned my officers here who gave me the information which I forthwith gave the house. This information had been forwarded to headquarters by telephone from Petawawa, and contained nothing showing that any crowd had been involved in the incidents referred to.

I should like to say to you, Mr. Speaker, that general service and N.R.M.A. personnel have been training together in probably seventy-five camps and schools all across Canada for over three years. There has been remarkably little in the way of friction. I think both the officers and the men are entitled to great credit for the way they have carried on.

In Petawawa, which is our second largest camp in Canada, there are more differences to be taken account of than in any other camp in the dominion. We can hardly expect that there would not be strained relations at times between N.R.M.A. and general service personnel, but that is not by any means the only possible cause for quarrels, especially in camps of that size and where so many differences of various kinds exist. I am not going to minimize these episodes, but on the other hand I do not think that we should add to the difficulties of loyal and faithful officers and staff who have to deal with men of all sorts and make them soldiers by undue emphasis on incidents like these, which might occur in any camp, especially around canteen closing time. I think the Petawawa camp has made on the whole an excellent reputation for order and for good work, and I am sure that both officers and other ranks want to help to keep it that way. I would ask the house and the country that we try to leave them to do it.

Mr. CRUICKSHANK: Will the coloured soldier get a medal?

Mr. RALSTON: He may get the golden gloves.

Mr. GRAYDON: He went to the rescue of the sergeant, did he not?

DISTURBANCES AT CALGARY

Hon. J. L. RALSTON (Minister of National Defence): I noticed a report in the press of a disturbance at Calgary R. C. Camp, and I expect to be asked a question by the leader of the opposition (Mr. Graydon) with regard to it. A wire has been sent to Calgary with reference to it. Having this lesson about giving information prematurely I am not going to give my hon. friend any answer because I have not any information other than that which is contained in the newspapers. Just a flash came in on this incident and a request was made for a full report. That will be given in due course.

[*Later:*]

Mr. POULIOT: The Canadian Press carries a dispatch that there was an active army-draftee clash involving a hundred and fifty men in Calgary. I would ask the government if they are willing to have this matter investigated by someone from Ottawa and if they will consider the policy of separating the active service personnel from the draftees in the different camps.

Mr. RALSTON: I have already indicated that I was making inquiries in connection with the matter, and I will make a report as soon as I can.

ACCIDENT AT MOUNT BRUNO RANGES ON JULY 6

Hon. J. L. RALSTON (Minister of National Defence): May I refer to another question which the leader of the opposition (Mr. Graydon) asked me on July 10 with regard to the tragic accident at Mount Bruno. Immediately the accident occurred two things were done. The attorney general of the prov-

ince of Quebec was notified; it was indicated to him that a court of inquiry would be held, and he was given the opportunity to have a representative at the court of inquiry. At the same time the coroner was notified. As a matter of fact the coroner did hold a coroner's inquest in respect of the twelve cases in which, most regrettably, fatalities occurred.

The finding of the coroner's inquest in all twelve cases was as follows:

> Concerning the death of —— age —— years, domiciled at ——; which death happened on the —— day of the month of —— nineteen hundred and forty-four at Montreal, a report having been made to this court, an inquest was held by me on the 8th of July of the said year, and after having heard the relatives of the deceased, the witnesses, and Doctor —— who declared as cause of the death ——

And then comes the actual injury suffered by the deceased whose name is mentioned in the finding—

> I came to the conclusion that the said —— died of a violent death; that this death was not imputable to the crime of whomsoever, neither to the negligence of anybody; that no crime accompanied or preceded this death, and there was no necessity to hold an inquest before a jury. In consequence, a verdict of an accidental death was rendered.
>
> Pierre Hebert,
> Joint Coroner of the District of Montreal.

This is simply the finding of the joint coroner of the district of Montreal.

A full opportunity was given the civil authorities to investigate the matter, and that finding was rendered in all twelve cases. As a matter of fact the findings in four of the cases were forwarded here a few days ago, and I think the remaining eight were received here yesterday.

May I now proceed to the matter of the court of inquiry itself. The attorney general replied on July 7 to the notice we gave him. The reply is as follows:

> Your message received re inquiry on death of soldiers accidentally killed at Mount Bruno. Coroner having made an investigation not felt necessary to send representative to attend military court of inquiry.

This is signed by Mr. Cantin, K.C.

The qualifications of the members of the court were these: Major A. T. Stikeman belongs to A.48 basic training centre, artillery, stationed at St. Johns, Quebec. He has had much experience in courts of inquiry during the past two years, and has been eighteen years in commissioned service. Major J. H. Rankin is a permanent force soldier who enlisted in the R.C.O.C. in 1936 and qualified as an ammunition examiner in 1938. He was recommended by the officer commanding Longue Pointe ordnance depot as being an expert ammunition man, the best available. Captain B. W. A. Allison is attached to A.12 infantry training centre. This officer belongs to the unit concerned. He has had four years' service in the present war and is a graduate in arts of the university of Edinburgh. In civil life he was assistant branch manager of a textile firm. He has had previous experience on courts of inquiry, and is well spoken of.

The court held a number of sittings—I do not know the number of witnesses, but it was a very large number.

I am now in a position to tell the house of the circumstances surrounding this unfortunate accident which took place at Mount Bruno Rifle Ranges, Mount Bruno, Quebec, on July 6, 1944.

The proceedings of the court of inquiry have been received and perused. The information disclosed is substantially as follows:

On July 6, 1944, a detachment of the specialist company, Canadian infantry training centre at Farnham, province of Quebec, went from Farnham to Mount Bruno ranges to give a demonstration of mortar firing to personnel of Farnham at that time at the battle drill camp at Mount Bruno.

The demonstration was supervised by an experienced mortar officer and a staff sergeant who had had long experience in firing 3-inch mortar.

The crew were picked men from a group of twenty-seven who had recently completed a qualifying course.

The 3-inch mortar used for the demonstration had been inspected by technical personnel of the army on the evening of the previous day and found in a clean and serviceable condition. The evidence does not indicate any use of the mortar between the time of the inspection and the demonstration.

The ammunition (mortar bombs) had been drawn that morning from the stores of the training centre at Farnham and had been obtained previously through ordnance at Montreal. This ammunition had been inspected in May, 1944, and found serviceable.

At 11.20 a.m., a couple of hours before the actual demonstration, which took place at 1.45 p.m., a further check was made of the weapon and ammunition by the detachment commander of the gun crew and the members of the crew.

At the time set for the demonstration personnel under training at the battle drill camp, consisting of 105 all ranks, were paraded to the site of the 3-inch mortar and took up positions from twenty-five to thirty feet from the mortar. They were placed as a company, in

threes, in a semi-circle to allow every man to see what was going on. Four bombs were fired successfully; No. 2 of the gun crew was then seen placing the fifth bomb in the barrel of the mortar, whereupon a terrific explosion was heard and a large red flash was seen as well as black smoke at the site of the gun position. The gun crew were killed outright and a number of those watching the demonstration were wounded.

Medical assistance, both military and civilian, was immediately requested by telephone, and a Roman Catholic chaplain from the St. Hubert airport was called. There was a qualified medical orderly with a first aid kit on duty with the troops. Unfortunately he was one of those injured.

In the meantime all able personnel of all ranks administered first aid to the injured and field and shell dressings carried by all of the men as a part of their personal equipment were used in addition to medical supplies furnished by the range caretaker. The court in its finding commended all ranks for their coolheadedness and intelligent care of the wounded.

Two civilian doctors were on the scene of the accident within twenty minutes after the explosion but because of the adequate first aid already given found that only the administering of sedatives was required.

I think I saw at one place where they had readjusted some temporary bandages as well. I do not wish to be tied down to that, but I believe I did see that—that they had rearranged the bandages. Ten minutes later the parish priest of Mount Bruno arrived with a Cistercian Father and administered religious rites to the dying. Ambulances and army medical personnel arrived about forty-five minutes after the blast, and the wounded were driven to various hospitals in Montreal immediately thereafter.

I very much regret to report that the casualty list at present is: 7 killed; 5 died of wounds; one critically injured; 16 severely injured, and 16 injured. One civilian, the caretaker, was injured.

The evidence establishes that the explosion took place in the base of the mortar, and the court so found.

It was impossible to establish conclusively from the few fragments of the bomb which were found that the bomb which exploded was defective. However the evidence indicates that the explosion was not due to any defect in the mortar itself or to improper technique on the part of the crew in loading the mortar. The elimination of these two possible causes of the explosion supports the explanation that the cause was a defective bomb and the court so found.

All ammunition of this batch is impounded and will be returned for examination by X-ray.

That is the very terse report on the situation. It is all I am able to report at this time, with this addition, that I do wish to express my most profound regrets for the accident, and my deep sympathy to the bereaved families of the victims of this most unfortunate episode.

I can say to the house that as soon as this ammunition is X-rayed, if we find there is anything wrong with it I shall make a further report. As I understand it, this is ammunition of a certain fuse series, and that is all being taken and being retested.

Mr. GRAYDON: Since the war started have there been any similar incidents or accidents of this kind?

Mr. RALSTON: I can only say to my hon. friend that I cannot remember any—grenades, sometimes, but not bomb mortars.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

MUNITIONS AND SUPPLY—INDUSTRIAL CAFETERIAS

Mr. CARDIFF:

1. Has the government, through its Department of Munitions and Supply, entered the food and cafeteria business?

2. If so, did the Department of Munitions and Supply set up or cause to be set up through one of its crown companies an organization known as Industrial Cafeterias?

3. When was this organization or company set up?

4. Was it set up under the direction or through the efforts of Wartime Housing Limited, a crown company operating under the Department of Munitions and Supply?

5. What was the name of the general manager in the first instance, and the salary paid him?

6. Did he at the same time receive a salary from the government for any other service?

7. What are the names of the personnel of the executive of this food and cafeteria company, and the salaries paid them?

8. What qualifications are needed to fill such position?

9. Have the cafeterias been set up both in wartime housing hostels and staff houses, and in manufacturing plants and certain wartime industries?

10. What are the names and locations of the various places that they have operated or still may be operating?

11. What is the total cost to the government to date for this organization, and what is the total investment of same?

12. If there has been any change in management, what is the name of present manager and salary paid him?

13. Does he receive a salary for any other government service?

Mr. CHEVRIER:

1. No.

2. No. The department did not set up or cause to be set up an organization known as Industrial Cafeterias. Under the authority of M & S C.L. 773 dated December 29, 1942, a cafeteria committee of four members was set up under the chairmanship of Mr. V. T. Goggin, the then general manager of Wartime Housing Limited. The responsibility of this committee was as follows: (a) To review the operating agreements or arrangements and survey the actual operations of all existing cafeterias in crown companies and in plants carrying out contracts for this department on a management-fee, ceiling price or cost plus basis, or on any other basis under which any operating loss which might be incurred in respect of the cafeteria would be for the account of the crown, and to make such recommendations to the minister with respect to the foregoing matters as may seem to them desirable. (b) To receive and consider, and either reject or recommend to the production board of the department any and all applications concerning the setting up of additional cafeterias, or the expansion of existing facilities at the direct expense of the crown via "capital assistance" or indirectly at the crown's expense via the "certificate of necessity" and "special depreciation" route.

3. There was no organization or company set up by the department. See reply to question 2.

4. See reply to question 2. The committee was set up by and is responsible to the minister.

5. There was no general manager of the cafeteria committee. The chairman of the committee when first set up was Mr. Victor T. Goggin, managing director of Wartime Housing Limited, who received no extra salary or remuneration by virtue of such chairmanship.

6. Mr. Goggin was paid a salary as managing director of Wartime Housing Limited. He was paid no salary as chairman of the cafeteria committee.

7. Chairman of the cafeteria committee: Lt.-Col. E. E. Williams, salary $4,200 per annum. Members: Mr. H. R. Hinman, President of Bowles Lunch Ltd. Mr. Hinman serves without salary and has no direct or indirect government contract. Mr. A. E. McMaster, Department of Munitions and Supply liaison officer with the Department of Labour. He receives no salary as a cafeteria committee member. In addition to the above the committee employs a stenographer and two full-time cafeteria advisers who had considerable experience in the food service prior to their employment by the cafeteria committee. Their services are always available to the department's contractors or subcontractors.

8. See answer to question 7.

9. Wartime housing hostels and staff houses do not come under the cafeteria committee's directive. Only prime and/or subcontractors carrying out contracts for the department on a cost plus or ceiling price basis where cafeteria and canteen losses, if any, are chargeable to the crown account come within the purview of the cafeteria committee.

10. The names and locations of the various firms under contract to the government operating cafeteria and canteen service for their employees, coming under the direction of the cafeteria committee, are as follows:

1. Acadia Construction Co. Ltd., Bridgewater, N.S.
2. Accessories Manufacturers Limited, St. James St., Montreal, P.Q.
3. Addison Industries Limited, Toronto, Ont.
4. Aircraft Repair Limited, Edmonton, Alberta.
5. Alberta Nitrogen Products Ltd., Calgary, Alberta.
6. Algoma Steel Corporation, Sault Ste. Marie, Ont.
7. Aircraft Hydraulic Supplies Ltd., Windsor, Ont.
8. Allanson Armature Mfg. Co. Ltd., Toronto, Ont.
9. Amalgamated Electric Corporation Limited, Toronto, Ont.
10. Anglo-Canadian Pulp and Paper Mills Limited, Quebec, P.Q.
11. Armstrong Brothers, Victoria, B.C.
12. Babcock-Wilcox and Goldie-McCulloch, Limited, Galt, Ont.
13. Boeing Aircraft of Canada Limited, Vancouver, B.C.
14. Bata Shoe Co. of Canada Ltd., Batawa, Ont.
15. W. D. Beath and Sons Limited, Toronto, Ont.
16. Beatty Brothers Limited, Fergus, Ont.
17. Belding-Corticelli Ltd., Montreal, P.Q.
18. Bendix-Eclipse of Canada Ltd., Windsor, Ont.
19. Bloctube Controls of Canada Ltd., Montreal, P.Q.
20. Border Cities Industries Ltd., Walkerville, Ont.

21. Boyles Bros. Drilling Co. Ltd., Vancouver, B.C.
22. Britannia Mining & Smelting Co. Limited, Britannia Beach, B.C.
23. Burlec Ltd., Scarboro Junction, Ont.
24. Burrard (Vancouver) Dry Dock Co. Limited, Vancouver, B.C.
25. Burrard Dry Dock Co. Ltd., North Vancouver, B.C.
26. Canadian Car Munitions Limited, Cherrier, P.Q.
27. Canada Strip Mills, Montreal East, P.Q.
28. The Canadian Bridge Co. Ltd., Walkerville, Ont.
29. Canadian Car and Foundry Co. Ltd., Amherst, N.S.
30. Canadian Car and Foundry Co. Ltd., Montreal, P.Q.
31. Canadian Car and Foundry Co. Ltd., Fort William, Ont.
32. Canadian Car and Foundry Co. Ltd., Longue Pointe, Montreal, P.Q.
33. Canadian Car and Foundry Co. Ltd., Propeller Plant, Montreal, P.Q.
34. Canadian Car and Foundry Co. Ltd., Pointe St. Charles, Montreal, P.Q.
35. Canadian Car and Foundry Co. Ltd., Turcot Aircraft, Montreal, P.Q.
36. Canadian Car and Foundry Co. Ltd., Turcot Car, Montreal, P.Q.
37. Canadian General Electric Co. Limited, Toronto, Ont.
38. Canadian General Electric Co. Limited, Carboloy Works, Toronto, Ont.
39. Canadian General Electric Co. Limited, Davenport Works, Toronto, Ont.
40. Canadian General Electric Co. Limited, Wallace Ave., Toronto, Ont.
41. Canadian Kodak Co. Limited, Toronto, Ont.
42. Canadian Marconi Co. Limited, Montreal, P.Q.
43. Canadian Pacific Airlines Limited, New Westminster, B.C.
44. Canadian Propellers Limited, Montreal, P.Q.
45. Canadian Vickers Limited, Aircraft Division, Montreal, P.Q.
46. Canadian Wright Limited (British Aeroplane Engines Ltd.), Vancouver, B.C.
47. Canadian Wright Limited (British Aeroplane Engines Ltd.), Montreal, P.Q.
48. Central Aircraft Limited, London, Ont.
49. Clark-Ruse Aircraft Limited, Dartmouth, N.S.
50. Clark-Ruse Aircraft Limited, Moncton, N.B.
51. Clare Shipbuilding Co. Limited, Meteghan, N.S.
52. Cockshutt Plow Co. Limited, Brantford, Ont.
53. Connaught Laboratories Ltd., University of Toronto, Toronto, Ont.
54. Consolidated Mining and Smelting Co. Limited, Trail, B.C.
55. Crouse-Hinds Co. of Canada Ltd., Toronto, Ont.
56. Defence Industries Ltd., Cherrier, P.Q.
57. Defence Industries Ltd., DeSalaberry, P.Q.
58. Defence Industries Ltd., Pickering, Ont.
59. Defence Industries Ltd., Montreal Works, Montreal, P.Q.
60. Defence Industries Ltd., Verdun Works, Montreal, P.Q.
61. Defence Industries Ltd., Villeray Works, Montreal, P.Q.
62. Defence Industries Ltd., Westmount, P.Q.
63. DeHavilland Aircraft of Canada Ltd., Toronto, Ont.
64. Dominion Bridge Ct. Ltd., Burnaby, B.C.
65. Dominion Bridge Co. Ltd., Toronto, Ont.
66. Dominion Chain Co. Ltd., Niagara Falls, Ont.
67. Dominion Engineering Works, Longueuil, P.Q.
68. Dominion Magnesium Limited, Haley, Ont.
69. Dominion Oilcloth and Linoleum Co. Limited, Montreal, P.Q.
70. Dominion Rubber Co. Limited, Montreal, P.Q.
71. Dominion Rubber Munitions Ltd., Cap de la Madeleine, P.Q.
72. Engineering Products of Canada Limited, Montreal East, P.Q.
73. Fairchild Aircraft Limited, Longueuil, P.Q.
74. Fairchild Aircraft Limited, St. Hubert, P.Q.
75. Ferranti Electric Co. Limited, Mount Dennis, Toronto, Ont.
76. Firestone Tire and Rubber Co. Limited, Hamilton, Ont.
77. Fleet Aircraft Limited, Fort Erie, Ont.
78. Flexible Shaft Co. Limited, Toronto, Ont.
79. General Engineering Co. (Canada) Limited, Toronto, Ont.
80. Genelco Limited, Peterborough, Ont.
81. General Motors Limited, Oshawa, Ont.
82. Goodyear Tire & Rubber Co. of Canada Limited, New Toronto, Ont.
83. Holman Machines Limited, Woodstock, Ont.
84. John Inglis Co. Limited, Toronto, Ont.
85. International Business Machines Co. Limited, Toronto, Ont.

86. Industrial Shipping Co. Limited, Mahone Bay, N.S.
87. International Harvester Co. of Canada Limited, Hamilton, Ont.
88. Kroehler Manufacturing Co. Ltd., Stratford, Ont.
89. Massey-Harris Co. Limited, Weston, Ont.
90. Metal Stampings Limited, Toronto, Ont.
91. Robert Mitchell Co. Limited, Belair Ave. Plant, Montreal, P.Q.
92. Robert Mitchell Co. Limited, Cartridge Plant, Montreal, P.Q.
93. Robert Mitchell Co. Limited, Foundry Plant, Montreal, P.Q.
94. Montreal Locomotive Works Ltd., Montreal, P.Q.
95. Moffatts Limited, Weston, Ont.
96. W. H. Meighan Ltd., St. Lambert, P.Q.
97. MacDonald Chemicals Limited, Waterloo, P.Q.
98. National Railways Munitions Limited, Montreal, P.Q.
99. Neon Products of Western Canada Limited, Vancouver, B.C.
100. Northern Electric Co. Limited, Montreal, P.Q.
101. Noorduyn Aviation Limited, Cartierville, P.Q.
102. Noorduyn Aviation Limited, Haig Ave., Montreal, P.Q.
103. Otaco Limited, Orillia, Ont.
104. Outboard Marine and Mfg. Co. of Canada Limited, Peterborough, Ont.
105. Parker Fountain Pen Co., Toronto, Ont.
106. Port Arthur Shipbuilding Co. Ltd., Port Arthur, Ont.
107. Prince Rupert Dry Dock and Shipyard Limited, Prince Rupert, B.C.
108. Reliance Industries Limited, Belleville, Ont.
109. Research Enterprises Limited, Leaside, Ont.
110. Rogers Radio Tubes Limited, Toronto, Ont.
111. Small Electric Motors (Canada) Ltd., Leaside, Ont.
112. Small Arms Limited, Long Branch, Ont.
113. Toronto Shipyards Co. Limited (Redfern Construction Co.) Toronto, Ont.
114. Toronto Shipyards Co. Limited (Canadian Comstock Co. Ltd.) Saint John, N.B.
115. United Shipyards Limited, Montreal, P.Q.
116. Victoria Machinery Depot Co., Victoria, B.C.
117. Victory Aircraft Limited, Toronto, Ont.
118. Vivian Diesels & Munitions Ltd., Vancouver, B.C.
119. Welland Chemical Works Ltd., Niagara Falls, Ont.
120. West Coast Shipbuilding Ltd., Vancouver, B.C.
121. The Wilson Motor Bodies Limited, Toronto, Ont.

11. $12,624.96. This includes salaries, travelling expenses, office supplies and other expense. There is no other government "investment" in the cafeteria committee.

12. There is no manager of the cafeteria committee. Lt.-Col. E. E. Williams is the chairman of the cafeteria committee and succeeded Mr. Victor T. Goggin, who relinquished the chairmanship of the committee with effect from the 9th of March, 1944.

13. No.

HOME DEFENCE ARMY—TRADE COURSES AND PAY

Mr. DIEFENBAKER:

1. How many men in the home defence army are in receipt of trades pay in addition to their ordinary pay?
2. How many have been given trade courses?
3. How many are non-commissioned officers?

Mr. MACDONALD (Halifax):

1 and 2. Information is not available at National Headquarters as to the number of N.R.M.A. personnel receiving trades pay nor as to the number who have been given trades courses.

As at June 7, 1944, the number of N.R.M.A. qualified tradesmen exclusive of those on long term leave was 9,698.

3. Exclusive of those on long term leave the number of N.R.M.A. personnel who were confirmed or acting N.C.O.'s. of the rank of corporal and above as at June 7, 1944, was 3,353.

PRISONERS OF WAR—MERCHANT SEAMEN—INCOME TAX

Mr. ISNOR:

Are Canadian merchant seamen held as prisoners of war liable to, (a) national defence tax arrears; (b) income tax?

Mr. GIBSON: (a) Yes; (b) yes.

ARMY TECHNICAL DEVELOPMENT BOARD

Mr. KNOWLES:

1. What is the personnel of the army technical development board?
2. What remuneration is paid to each of the members of this board for their services in connection therewith?

Mr. MACDONALD (Halifax):

1. The members of the board are as follows:—

Major-General J. V. Young (M.G.O.), C.B.E. (Chairman).

Major James E. Hahn, D.S.O., M.C. (Director General).

Brigadier G. P. Morrison (D.M.G.O.), C.B.E. (Deputy Chairman).

H. J. Carmichael, Esq., Department of Munitions and Supply. (Coordination of Production).

R. E. Jamieson, Esq., Department of Munitions and Supply. (Director General, Army Engineering and Design Branch).

C. J. MacKenzie, Esq.—Acting President, National Research Council.

2. None of the members of the army technical development board receive any remuneration whatsoever for their services as members of the board.

QUESTION PASSED AS ORDER FOR RETURN

ASSISTANCE TO COAL COMPANIES

Mr. GILLIS:

1. Has any amount of money been paid by way of subsidy or other assistance, for the period from January, 1943, to June 30, 1944, to (a) Acadia Coal Company, of Nova Scotia; (b) Minto Coal Company, New Brunswick; (c) Welton Coal Company, New Brunswick; (d) Gerald King Coal Company, New Brunswick?

2. If so, how much to each of the above-mentioned companies?

JUDGES ACT

AMENDMENT RESPECTING PENSION OR ANNUITY

Hon. L. S. ST. LAURENT (Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to amend the Judges Act to provide that a judge of the Supreme Court of Canada, the Exchequer Court of Canada or of any superior court, county court or the circuit court of the district of Montreal, may elect, in lieu of a pension or annuity as presently authorized under the said act, to divide his annuity so that his wife will receive an annuity equal to one-third thereof, and that if he should die in office his widow will receive an annuity equal to two-ninths or one-ninth, in certain cases, of his salary.

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.

FOUR-POWER CONFERENCE

PROPOSED MEETING AT WASHINGTON TO CONSIDER PLAN OF WORLD SECURITY

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Prime Minister rising out of a report in the press with respect to a forthcoming united nations meeting scheduled to take place, I presume, some time in August. Will the British commonwealth and empire have representation at this meeting?

Right Hon. W. L. MACKENZIE KING (Prime Minister): There is no meeting of united nations scheduled to take place. What the hon. leader of the opposition evidently refers to is a meeting of the four great powers, to take place at Washington, in accordance with what was forecast in the Moscow declaration. The purpose of the meeting is that these four powers may consider the development of a general plan of world security. There will be only the four powers at the meeting.

Mr. GRAYDON: When the Prime Minister refers to the four powers, do I understand that the British commonwealth is included in those powers, or is it just the United Kingdom?

Mr. MACKENZIE KING: The four powers are the United Kingdom, the United States, the U.S.S.R. and China.

PRISONERS OF WAR

REPORTS OF KILLING OF ALLIED PRISONERS IN GERMANY

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Sir James Grigg, the war secretary, is reported to have stated in the British House of Commons on Tuesday that German captors had shot thirty-three more allied prisoners of war. I would therefore ask the Prime Minister to inform the house whether or not any Canadians were included in this latest nazi crime, and if so, what steps the government is taking in connection with the matter.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The government has no information at the present time with respect to Canadians. The matter is being inquired into.

[*Later*:]

Mr. MACKENZIE KING: When the leader of the opposition asked me a question a moment ago in connection with the statement made by Sir James Grigg in the British house on Tuesday I had in mind some statement that Sir James Grigg may have made in reference to a recent matter. It may be and it probably is the fact that the question my hon. friend asked refers to some matter that has been or is being inquired into very care-

fully. I am not in position to give information at the moment but I hope to be able to do this a little later on.

Mr. GRAYDON: May I say to the Prime Minister that my question was founded upon a press report emanating from London, I think on Tuesday, and which purported to describe a debate which had taken place in the House of Commons or at least some statement that the ministry had given. These thirty-three additional allied prisoners of war which are alleged to have been shot were not included in the forty-seven which were previously the subject of discussion both in this and the British House of Commons. I understand that this is a new incident and perhaps this will indicate to the Prime Minister exactly the situation as I understand it.

Mr. MACKENZIE KING: I will have to look carefully into Sir James Grigg's statement.

LABOUR CONDITIONS

NOVA SCOTIA COAL MINING INDUSTRY—JOINT PRODUCTION COMMITTEE

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I should like to direct a question to the parliamentary assistant to the Minister of Labour. Recently two members of the industrial cooperation board, Messrs Carl Goldenberg and M. M. Maclean, visited Nova Scotia to obtain first-hand information of the disabilities affecting the mining industry, and also for the purpose of setting up industrial production committees. Is the parliamentary assistant in position to report to the house as to the success or otherwise of that visit?

Mr. PAUL MARTIN (Parliamentary Assistant to the Minister of Labour): Mr. Speaker, the hon. gentleman gave me notice yesterday of his question, and in reply I wish to say that in May and June, 1944, the industrial production cooperation board concluded agreements between the coal operators of Nova Scotia and district number 26 of the united mine workers of America for the formation of joint labour-management production committees in each mine and for the purpose of discussing all possibilities of improving and increasing coal production.

Following these agreements, Mr. H. Carl Goldenberg, chairman of the board, summoned a conference of the coal operators and of the miners to be held in Sydney, Nova Scotia, on July 12 and 13, with a view to inaugurating the joint production committee and to discuss all aspects of the problems responsible for the decline in coal output, as well as possible means of increasing output.

Mr. Goldenberg and Mr. M. M. Maclean, a member of the board, proceeded to Sydney for these conferences. The conferences were attended by a large representation of both operators and miners. The conferences were marked by a full and frank discussion of the problems facing both operators and miners in the Nova Scotia coal mining industry. The discussions led to a clarification of a number of issues, and to a better understanding of mutual grievances.

The principal agreement reached at the conference was that both operators and miners undertook immediately to consider all causes, such as absenteeism, presently interfering with maximum coal production, at meetings of the joint production committees, the first of the series being held on Monday of this week, July 17. It was further agreed that meetings of these committees are to be held twice every month at each mine, and that the operators and the miners would submit for consideration to each meeting problems affecting coal production as each side sees them, together with recommendations for solutions or improvements. Each side also undertook to give immediate consideration to all recommendations, the operators to put such recommendations as are acceptable and feasible into effect as soon as possible, and the union to urge its members to act accordingly. Reports of these meetings and of the progress made are to be submitted regularly to the industrial production cooperation board, which will continue to assist in the operations of the committee in so far as is necessary.

The conference also discussed the recent closing down on Saturday morning of the two mines, number 4 and 11. The company advised that it was considering reopening these mines on Saturdays if the rate of absenteeism was reduced. Before the termination of the meetings the miners were advised by the Dominion Coal company that these two mines would be open on Saturday, July 15, and on that day they were open for work.

It is anticipated as a result of these conferences, and more particularly of the functioning of the joint production committee, that coal production problems will receive more immediate, more careful and more serious consideration. They will be considered both at the level of the mine production committee and of the district production committee, the latter covering a number of mines. If both parties show the good will and cooperation which they showed at the conferences attended

by Messrs. Goldenberg and MacLean, there should be an improvement in the coal situation. The industrial production cooperation board now has this matter in hand, and will follow up on the conferences as the situation requires it.

I may say the conferences in Nova Scotia are in accordance with the policy laid down by the government sponsoring the formation of labour-management production committees in industry. A large number of these committees are now functioning across Canada, and the staff of the industrial production cooperation board is constantly engaged in setting up more of these committees. Not only in the coal mines, but in all industry, joint production committees should constitute effective machinery for the discussion and solution of production problems by labour and management on a democratic basis.

Mr. GILLIS: I want to thank the parliamentary assistant for the very comprehensive reply he has given, and I also want to compliment the department for the realistic action they are taking at the present time in connection with this matter.

NATIONAL WAR LABOUR BOARD—APPLICATION OF STANDARD RAILWAY LABOUR ORGANIZATIONS

On the orders of the day:

Mr. J. W. NOSEWORTHY (York South): I wish to direct a question to the parliamentary assistant to the Minister of Labour. Will he tell the house when an announcement may be expected from the national war labour board regarding the case of the standard railway labour organizations whose application went to the board in September, 1943, and who were heard by the board in May, 1944?

Mr. PAUL MARTIN (Parliamentary Assistant to the Minister of Labour): The hon. gentleman gave me notice of his question. While it is not possible to give the hon. member any specific date on which the decision of the national war labour board on this case will be made known, I can assure the hon. member that the national war labour board has this matter under active consideration. I should like to say further that this is a complex case involving detailed and careful analyses of wage rates and related matters. I should like to point out that the delay which is apparent in the date cited by the hon. member in his question has arisen from two factors. In the first place, a large amount of time was consumed by the applicants and respondents in the preparation of their extensive briefs following their application to the board in September, 1943. In the second place, extensive analyses have been necessary since the board heard the application in May of this year, which hearing followed promptly upon the receipt of all necessary briefs.

The board has the matter in hand and hopes to give its decision as soon as possible.

PACIFIC CONFERENCE

REPORT AS TO ANNOUNCEMENT BY PRIME MINISTER FRASER RESPECTING MEETING IN NEW ZEALAND

On the orders of the day:

Mr. R. W. MAYHEW (Victoria, B.C.): Mr. Speaker, I should like to direct a question to the Prime Minister. I regret I have not sent him previous notice of this question, but I believe it is of such a nature that the answer will not require any preparation. It was announced over the radio last night that Prime Minister Fraser had said that a conference would be held in the Pacific between the United States, Australia, New Zealand and Great Britain to consider the best method of prosecuting the war in the Pacific. Will Canada be represented at that conference?

Right Hon. W. L. MACKENZIE KING (Prime Minister): When the Prime Minister of New Zealand spoke in this chamber he intimated that he hoped that such a meeting would be held in New Zealand, but he was unable to say at that time whether or not it would be held. I have no information beyond what my hon. friend has had over the radio with respect to the possibility of the meeting taking place. I assume that what the Prime Minister of New Zealand said in New Zealand was similar to what he said here. I think I would have heard if there had been any definite decision with respect to the time of a meeting.

QUEBEC ELECTION

REPORTED STATEMENT OF JACQUES SAURIOL IN MONTREAL ON JULY 9

On the orders of the day:

Hon. H. A. BRUCE (Parkdale): Mr. Speaker, I desire to direct a question to the Minister of Justice. In view of the statement made by Jacques Sauriol at a public meeting in Montreal on July 9 last that the English soldier is, "the rottenest of the earth and it is necessary for Canadians to fight England's battles and be killed instead of the English in the Caen inferno" and that "we will use every means—and I do not say legitimate—we will use every means necessary to halt this drainage of our young toward the charnel house of

Europe," I ask the minister if Jacques Sauriol remains at large, free to campaign against the nation's war effort? If so, will the minister say what steps he has taken or proposes to take in the circumstances? This is a clear violation of the defence of Canada regulations.

Hon. L. S. ST. LAURENT (Minister of Justice): I was not aware that the hon. member was present at the meeting and can testify as to the accuracy of the newspaper report of what took place in Montreal. I saw the report when it was published in a newspaper, but feeling that a newspaper report was not evidence upon which any action could be founded I immediately instructed the Royal Canadian Mounted Police to make an investigation to ascertain whether or not evidence of the statements attributed to Jacques Sauriol in the report could be adduced. I returned to Ottawa last night from an international conference. Prior to my departure on Saturday I had not had a report from the Royal Canadian Mounted Police beyond the preliminary report that the matter was being investigated. Since my return I have not had an opportunity to confer with the deputy commissioner to see if evidence has been found of the accuracy of this report, but I expect as soon as I have a few spare moments to get a further report from the deputy commissioner.

Mr. HANSON (York-Sunbury): And if it is correct will you lock the man up?

Mr. ST. LAURENT: Mr. Speaker, I do not think I should answer that question here. If the report is correct, the seriousness of the situation will have to be considered and appropriate action will have to be taken.

Mr. BRUCE: May I remind the minister that this statement is very similar to the nazi propaganda broadcast in English from Berlin to Canadian listeners.

Mr. CHURCH: Am I to understand that the provisions of the defence of Canada regulations and of the mobilization act have been suspended during the holding of provincial elections in the various provinces?

Mr. ST. LAURENT: I do not think it is necessary for me to say that they have not been, to my knowledge.

Mr. CHURCH: Then why are they not enforced?

Mr. GRAYDON: May I direct a question to the Minister of Justice arising out of what my hon. friend has said? On Tuesday I put a question to the minister but I found that he had been away on official business, as he has said today. I do no more than bring to his attention the question I then asked with respect to certain remarks made by a candidate in the Quebec provincial election, and ask for an investigation by the Minister of Justice. At the same time the minister might also look into an incident which occurred in Lethbridge during another provincial election where some people took the law into their own hands. We ought to have fairness in these matters, and perhaps an investigation can be made by the Royal Canadian Mounted Police into that incident.

Mr. ST. LAURENT: I am not sure that it would not be appropriate to remind hon. members that the administration of justice and peace and order in ordinary circumstances are the responsibility of the provincial authorities. If I were to attempt to have investigated by a dominion agency every brawl which may occur, I would be very soon charged with meddling with affairs that are no concern of mine.

Mr. GRAYDON: May I say to the minister that I suggested the Royal Canadian Mounted Police make the investigation because they would be a neutral body.

Mr. SPEAKER: The questions that are being asked to-day are far beyond what questions should be on the orders of the day. They must be with respect to matters that are urgent.

DIAMONDS

INQUIRY WITH RESPECT TO WARTIME PRICES AND TRADE BOARD RULING

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): I should like to direct a question to the Minister of Finance. I am particularly interested in preventing inflation and in keeping down the cost of living, and I think this matter has a bearing on the cost of living. According to release 0907 of the wartime prices and trade board, under date of July 20, owing to the fact that importers are having a great deal of difficulty in transacting business in diamonds, the board have under this date authorized a mark-up of from fifteen to twenty per cent in the price of the larger diamonds. Is this action of the board to prevent inflation, or to keep the cost of living down?

Hon. J. L. ILSLEY (Minister of Finance): Is the hon. gentleman referring to strawberries or diamonds?

Mr. CRUICKSHANK: Diamonds.

Mr. ILSLEY: I will make inquiry.

FARM MACHINERY

NEW PRICES ON REPAIR PARTS

On the orders of the day:

Mr. J. W. BURTON (Humboldt): I wish to direct a question to the Minister of Finance, notice of which was sent to his office yesterday. Is the report correct that the wartime prices and trade board has set September 30 as the date when the new prices on repair parts for farm machinery are to go into effect? I wish to draw to the minister's attention the fact that this year more than ever before will the farmers have to buy enormous quantities of repair parts.

Mr. SPEAKER: Order. The question has been asked.

Hon. J. L. ILSLEY (Minister of Finance): The hon. member gave notice of his question which reached my office yesterday but I would ask him to allow me another day in which to get full information in regard to the situation which he has in mind. I will give him an answer to-morrow.

CIVIL SERVICE

QUESTION AS TO APPLICATION OF SUPERANNUATION TO PRINTING BUREAU EMPLOYEES

On the orders of the day:

Mr. S. H. KNOWLES (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Secretary of State or to the Minister of Finance. I ask it on behalf of a group of employees who play a very important part in the life of this parliament, although behind the scenes. I refer to the employees in the printing and mechanical departments of the government printing bureau. My question is this: In view of the announcement which was confirmed on Tuesday that an amendment will be introduced to the Civil Service Superannuation Act, is consideration being given to including within the act these employees of the printing bureau?

Mr. SPEAKER: That is a question for the order paper.

WAYS AND MEANS

The house in committee of ways and means, Mr. Bradette in the chair.

DOMINION SUCCESSION DUTY ACT

The CHAIRMAN: The committee is on resolution 2 of the succession duty act.

2. That when a person is given a general power of appointment or disposal over property, such property be subject to duty as if it were given directly to him, and, upon his death, the person then benefiting be regarded as his successor for purposes of taxation.

[Mr. Ilsley.]

Mr. HANSON (York-Sunbury): Mr. Chairman, I desire to go to the banking committee very shortly and I should like to make one or two inquiries now with respect to this resolution.

Last night brief consideration was given to this resolution and a case was cited by the hon. member for York West of what amounted to confiscation by the action of the succession duty acts in the various provinces. In reply to a question by the hon. member for Saskatoon City the parliamentary assistant stated yesterday that the present resolution was to cover a technical omission from the act; that it was to take care of the case where a general power of appointment is given and the man does nothing about it. That of course is not quite apparent from the terms of the resolution itself, and I was fearful that the result of the change would be two taxes on the same set of funds. I think the resolution is open to that interpretation. Those of us who are lawyers and accustomed to draft wills know that it is a common thing for a testator to give to a person a general power of appointment or disposal over property, whether that person takes anything out of the fund or not. Frequently the person to whom the power is given is also the recipient in his lifetime of income under the fund, and in such cases, I assume, his interest in the fund is taxable, having regard to the expectation of his life, and so on. A general power of appointment is given. But I have never seen a case where, in a testamentary disposition, the testator failed to give an alternative if the person in whom the power of appointment is vested fails to act. Usually there is an alternative. In my own practice I have invariably made it a rule to advise my clients that when the power of appointment is given to a particular person to dispose of a fund, on his death or at any intervening period, if he fails to act, the testator himself or herself in the will should proceed to make the disposition.

If I understand correctly the object of this resolution it is that if a person is given a general power of appointment or disposal, such property shall be subject to duty as if given directly to him; then upon his death, "the person then benefiting" will "be regarded as his successor for purposes of taxation." If that means anything it means two taxes on the same fund. There can be no question about it. I think that is wrong and unjust and should not become effective. I see the commissioner shaking his head, but I entirely disagree with that form of denial. That is what this means. It may be that that is not the intention, but it ought to be made absolutely clear either that it is or is not the intention of

this resolution, so that the public will know just where it stands. To-day such a fund is in effect liable only to one tax. That tax may be divisible, if I may use that term. If the person to whom a power of appointment is given takes any interest out of the fund, his interest in the fund is taxed, if I apprehend the law correctly, and the balance is taxable in the hands of the party to whom it is disposed. Now, what is the position and what is the intention under this act?—because as it stands to-day this fund is going to be taxed twice. Parliament ought to understand what the intention is, and so far as I am concerned I would oppose it.

Mr. ABBOTT: I speak on this with some diffidence because I do not practise law in a common-law province and I am not so familiar with this general power of appointment, although we have a similar provision in Quebec. I am advised it is not the intention of this section that there should be a double tax imposed. If property is conveyed under a general power of appointment with power to the person to whom it is conveyed to appoint himself, then there is a tax. Of course if he appoints himself and if the property is still in existence at the time of his death it would vest in his heirs and be subject to tax.

Mr. HANSON (York-Sunbury): Of course that is a very unusual case.

Mr. ABBOTT: It is a very unusual case, but this is intended to prevent that. The form of the act, as my hon. friend knows, defines under section 3 what is a succession; and in the dominion act we have rather followed the practice in the various provinces of an elaborate definition, if you will, of what is included in a succession.

Mr. HANSON (York-Sunbury): On the theory that you do not want to leave anything out?

Mr. ABBOTT: Quite so, and also partly because of certain decisions of the privy council with respect to the constitutional powers of the provinces to tax. Section 3, subsection 1, sets out what a succession shall be deemed to include, and it includes a long list of various things,—property taken as a *donatio mortis causa,* and so on. Coming to paragraph (i) of subsection 1 of section 3 there is included in the definition or description of a succession—

—property of which the person dying was at the time of his death competent to dispose.

Mr. HANSON (York-Sunbury): That is a common provision.

Mr. ABBOTT: If property is left to one person with power of appointment and if it is not exercised, then on his death, to a designated person: I think that is a common type of power of appointment. But if the power to appoint were general without a designated person to take the property, in the event of failure to exercise such power, and the power was not exercised, I am advised that as the section now stands the property may pass on the death and not be subject to tax.

Mr. HANSON (York-Sunbury): That is on the death of the testator?

Mr. ABBOTT: Correct—on the death of the first testator.

Mr. HANSON (York-Sunbury): Ultimately it must pass to somebody.

Mr. ABBOTT: And the amendment is to make certain that the property passing on death even in the circumstances outlined would be taxable. It is pretty technical to me.

Mr. HANSON (York-Sunbury): Let us understand this, because it is perpetuating what they have in New Brunswick—or so I am informed; I have not the statute before me—and it is something I have never ceased to protest against. There is a double tax down there under these conditions; at least my colleague the hon. member for St. John-Albert tells me that is so and I take his word for it. That just means this, that on the death of the testator the whole fund pays the tax, under the present proposal, irrespective of to whom it may pass. It is a particular kind of fund which is not disposed of by the testator except in certain contingencies. Then, if the person to whom the power of appointment is given—if I understand the position correctly; I am rather feeling my way along—fails to make operative the power which is vested in him by the testamentary instrument, and no alternative has been provided in the testamentary instrument, another tax is imposed. Is that the position?

Mr. ABBOTT: That is right.

Mr. HANSON (York-Sunbury): When it vests in a third person. That is the position.

Mr. ABBOTT: There would really be another transmission under these circumstances which would not have flowed from the direction of the original testator.

Mr. HANSON (York-Sunbury): That, I think, clarifies what is intended, although it is somewhat involved. Now, if the testator has a fund over which he gives a power of appointment to, say, the husband—most frequently I think it happens in the case of

a wife or a husband having a fund for the benefit of children, and they do not like to designate the whole of them, or they want to keep them on good behaviour—that has been my experience—it goes to the one most worthy and perhaps cuts out somebody who is unworthy, if the testator makes an alternative disposition; in the event of failure of the appointee then there is not a second tax.

Mr. ABBOTT: That is correct.

Mr. HANSON (York-Sunbury): There is not a second tax. I hope I am right about that.

Mr. ABBOTT: I am certain about it.

Mr. HANSON (York-Sunbury): Then, of course, what people should do is to look at their wills. Now I understand the proposal. It is based on this theory that there are two successions; is that the idea?

Mr. ABBOTT: That is correct.

Mr. HANSON (York-Sunbury): Based on the theory of two successions?

Mr. ABBOTT: I think this discussion has been useful. Perhaps the committee would defer further discussion until we have the bill before us and the exact text of the proposed amendment which will fit in with the section of the act which it is intended to amend. When the bill is in committee the succession duty experts of the committee who are familiar with this branch of the law could carefully scrutinize it.

Mr. HANSON (York-Sunbury): I agree with the parliamentary assistant that it would be very much better if we had the bill.

Mr. ABBOTT: It would be easier for us to discuss it.

Mr. HANSON (York-Sunbury): I think I understand the principle.

Mr. HAZEN: If a man by his will leaves his property to his wife for life with the power of appointment, and, failing to exercise that power, then to his children share and share alike, when the testator dies is there a tax imposed on his widow on the full value of his estate?

Mr. ABBOTT: The position there is, of course, on the death of the testator the wife pays tax on her life interest.

Mr. HAZEN: That is what I want to understand clearly. Does she pay on her life interest or does she have to pay on the full value of the estate?

Mr. ABBOTT: She pays on her life interest in the estate, and in Quebec—I do not know about the dominion—it is based on her life expectancy. As to the subsequent transmission to the children, that, of course, was not in virtue of any general power of appointment given to the widow, but was provided for by the testator himself, and on her death this proposed amendment would have no relation to that situation whatsoever.

Mr. HAZEN: I do not know; there is a power of appointment there.

Mr. ABBOTT: But not a general power of appointment. The power of appointment, as my hon. friend will see when the legislation is brought down, is power of appointment where an absolute discretion is given to the testator and no provision made as to whom the property should go in the event of his failing to exercise that power.

Mr. HAZEN: The resolution reads:

> When a person is given a general power of appointment or disposal over property, such property be subject to duty as if it were given directly to him. . . .

Mr. ABBOTT: This resolution may not be very happily framed. I have tried to make clear that what he appears to fear is not the intention of the resolution. The bill will be drafted—drafting may be almost complete now—along those lines. I suggested a moment ago in the discussion with the hon. member for York-Sunbury that perhaps we could make the criticism a little more effective if we deferred it until we had reached the sections of the bill in committee. I do not want to force that view on the committee, but I should prefer to discuss it with the section before me.

Mr. BENCE: I quite agree with the parliamentary assistant, but I wish to make this point clear. Where the property is given with a general power of appointment, no restrictions—

Mr. ABBOTT: And no alternative in the event of the power not being exercised.

Mr. BENCE: In the power of appointment he may express certain wishes in the will. And as I understand it from the way this is worded the estate is immediately taxed on the whole value.

Mr. ABBOTT: Right.

Mr. BENCE: If he exercises the general power of appointment then the whole estate is taxed again upon his death?

Mr. ABBOTT: That is right.

Mr. BENCE: I want to make that point clear. It would be a very foolish thing for a lawyer ever to draw a will along those lines.

Mr. ABBOTT: It is tantamount to making an open bequest; it is an outright gift to the beneficiary.

Mr. BENCE: I do not understand how the succession duty department loses out on the provisions of the law as they were before. If they fail to make the appointment I presume the estate would fall back into the residue of the original testator.

Mr. ABBOTT: It is a very technical amendment. It could be urged that because he failed to exercise this general power of appointment there was no succession or transmission. It is very technical, if you will; I am not sure that I completely understand it myself, but that is the reason I am given for the amendment.

Resolution agreed to.

WAR EXCHANGE CONSERVATION ACT, 1940

Resolved, that it is expedient to amend the War Exchange Conservation Act, 1940, and to provide:

1. That sections 2, 3, 4, 5 and 6 of the said act and schedule one thereto, which prohibit the importation of specified goods from countries outside the sterling area, be repealed.

Mr. KNOWLES: This act contained a provision giving the government power to provide special depreciation for certain Canadian companies in order to conserve the supply of exchange. In the minister's budget speech of June 26 he indicated, at pages 4185 and 4186 of *Hansard,* that the amendments now being proposed are presented by reason of the fact that the exchange situation has considerably improved. I am rising to obtain some information. I should like to know whether the amendments proposed in the resolutions now before the committee alter the provision under which special depreciation has been granted to companies such as Falconbridge Nickel, International Nickel, a number of oil companies, and so on.

Mr. ABBOTT: The agreements to which my hon. friend refers were entered into under section 8, part III, of the War Exchange Conservation Act, and that section is not to be repealed.

Resolution agreed to.

2. That schedule two to the said act be amended by:

(a) substituting the phrase "synthetic textile fibres or filaments" for each of the phrases "artificial silk", "artificial silk or similar synthetic fibres", and "artificial silk or similar synthetic fibres produced by chemical processes" wherever they appear in items 524a, 548, ex 553, 558b, 558d, ex 560c, 561, 561a, 562a, ex 564, ex 565, 567a and ex 568;

(b) substituting the phrase "yarns of synthetic textile fibres or filaments" for the phrase "artificial silk yarns" in item 558d.

Resolution agreed to.

3. That any enactment founded on—

(a) Resolution 1 come into force on August 1, 1944; and

(b) Resolution 2 come into force on June 27, 1944.

Resolution agreed to.

SPECIAL WAR REVENUE ACT

Resolved, that it is expedient to introduce a measure to amend the Special War Revenue Act, and to provide:

1. That the excise tax of twenty-five per cent on furs be extended to cover the fur content of imported articles.

Resolution agreed to.

2. That exemption from sales tax be provided for grain loaders or elevators with a capacity not exceeding forty bushels per minute.

Mr. KNOWLES: Before this or the next resolution passes I should like to ask one or two questions, and again I am seeking information, because we are getting into pretty deep water. Later on we are to deal with changes in the customs tariff, and in the schedule appended to the budget resolutions I see a long list of agricultural machinery and implements on which the tariff is being changed; in fact I believe in all these instances it is being wiped out. Now I note that under the Special War Revenue Act exemption from sales tax is being provided only for the two or three items mentioned in resolutions 2 and 3. I should like to know if there are any other items of farm machinery or farm implements included in the customs tariff schedule on which the sales tax is not being removed, or are these all the sales taxes that now obtain as far as farm machinery is concerned?

Mr. ABBOTT: I understand the list is pretty complete now under the Special War Revenue Act. I have the act before me, and the list of agricultural implements appears to be very long. This item, I believe, is not one which ordinarily would be classed, and is not now classed, as an agricultural implement under the tariff items, but it is used for farm purposes and therefore it is felt that it should be included with the already long list of articles specifically mentioned in the Special War Revenue Act as being exempt from sales tax. The deputy minister advises me that there are no other similar items, as far as he knows, which are excluded.

Mr. KNOWLES: That is, the policy of the government now is to remove both the tariff and the sales tax from all farm implements and farm machinery, at least to the extent that they are listed in the customs tariff schedule attached to these resolutions?

Mr. GIBSON: I would say that is the general policy. The sales tax has been off farm machinery right along, and under the legislation we are bringing in this year the customs duties are being removed as well.

Mr. QUELCH: What is the situation in regard to farm tractors? Are they subject to any tax to-day? They are not mentioned in the tariff schedule or in the resolutions under the Special War Revenue Act.

Mr. ABBOTT: Was my hon. friend asking a question about a tariff item?

Mr. QUELCH: Either under the customs tariff or under these resolutions.

Mr. ABBOTT: I would ask my hon. friend to defer questions relating to tariff items until we come to the items themselves, which are to be taken by the Minister of Finance.

Mr. QUELCH: When you purchase a tractor to-day you are given to understand that a very considerable portion of the price represents a tax. I am wondering if that tax is to be removed. I see no mention of farm tractors in any of these schedules.

Mr. ABBOTT: I am advised that the duty on tractors is being removed.

Mr. MacNICOL: Have not tractors been free of duty right along?

Mr. ABBOTT: No.

Mr. MacNICOL: The parliamentary assistant has made the statement that the duty on tractors is being removed. I am asking him if tractors have not been free of duty right along.

Mr. ABBOTT: Not being personally familiar with the matter I am afraid I will have to ask that questions with respect to tariff items be deferred until we consider the customs tariff, when we will have the proper officials here.

Mr. MacNICOL: The parliamentary assistant did make the statement that the duty on tractors was being removed, leaving the inference that up to the present that duty had been in effect.

Mr. ABBOTT: I had in mind the war exchange tax.

Mr. QUELCH: Is there any sales tax on tractors?

Mr. WOOD: I think we should clear up this matter. When tractors are imported for farm use they are free of duty, but when they are brought in for other purposes the duty is collected.

Mr. ABBOTT: When I answered my hon. friend I had in mind the war exchange tax.

Mr. QUELCH: Is there a sales tax on tractors to-day? Certainly the farmers are given to understand that a large proportion of the price represents a tax, and I am wondering what that tax is.

Mr. ABBOTT: There is no sales tax on tractors used for farm purposes.

Mr. WRIGHT: The tax on farm tractors at the present time is a ten per cent war exchange tax, which has been on since the war started. I understand that is now being removed.

Mr. ABBOTT: That is correct.

Resolution agreed to.

3. That exemption from sales tax be provided for baling twine to be used for baling farm produce and for articles and materials to be used or consumed exclusively in the manufacture of baling twine.

Resolution agreed to.

4. That the tax on certain places of entertainment as imposed by part XVI of the said act be levied on the operator in each case where he fails to collect the tax from the patron or fails to affix the excise stamps as required under the provisions of the said act.

Resolution agreed to.

5. That the retail purchase tax as imposed by part XVII of the said act be levied on the vendor in each case where he fails to collect the tax from the purchaser or fails to affix the excise stamps as required under the provisions of the said act.

Resolution agreed to.

6. That the existing provision for the taxation of cigars in item i (a) of schedule II to the said act be replaced by a provision imposing an excise tax of three dollars and twenty-five cents on cigars valued at not more than twenty-five dollars per thousand, and six dollars and twenty-five cents on cigars valued at more than twenty-five dollars per thousand but not more than forty dollars per thousand.

Resolution agreed to.

7. That any enactment founded on paragraphs one to six inclusive of these resolutions shall come into force on the twenty-seventh day of June, one thousand nine hundred and forty-four.

Resolution agreed to.

Mr. ABBOTT: I would ask that the customs tariff items be allowed to stand until the minister is here. At the moment he has to be in the banking and commerce committee.

Mr. MacNICOL: I was not in the house when the question came up in reference to the income tax on revenue from United States bonds. The government of the United States deducts from the income on those bonds fifteen per cent. Do I have to pay income tax in Canada on that deduction?

Mr. ABBOTT: You would be entitled to take credit against your Canadian tax for the amount you paid or had deducted in the United States.

Mr. MacNICOL: Would I be able to recover the tax I have paid on those deductions for quite a number of years?

Mr. ABBOTT: I am afraid that question falls within the category of a legal opinion which I referred to yesterday.

Mr. MacNICOL: This is the point I want to get clear. When the United States deducts fifteen per cent—I have a receipt in my hand —I am able to deduct from my income tax return here the amount deducted in the United States?

Mr. ABBOTT: You are entitled to take credit for taxes paid in the United States provided the rate is not higher than the rate in force in Canada.

Progress reported.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Special—

29. Prairie Farm Rehabilitation Act and water storage, $2,000,000.

Mr. WRIGHT: This item was quite fully discussed the other day, particularly with respect to larger schemes which might be carried out in western Canada under this act. We all agree that these larger schemes have their place, but I think the act was originally drafted for the purpose of taking care of the smaller schemes—dugouts, regrassing, the forming of community pastures and that type of work. As such it has performed a very useful service in western Canada, and has done a great deal of good. However I should like to see this scheme extended much further than it goes at the present time. It has been maintained to a great extent in what is known as the Palliser triangle in Saskatchewan. That is, as a matter of fact, the old drought area. In northern Saskatchewan we have gone into stock raising on a large scale, and we have found that in many parts of that area, since the land has been cleared and the bush taken off, many of the streams which formerly ran through the whole of the season now run only during about two months in the early part of the season. The matter of obtaining a water supply in some of the northern areas not now included under the Prairie Farm Rehabilitation Act has become a serious problem. Many of the municipalities are now making application to come under the act. I suggest serious consideration should be given to those applications, and that perhaps they should be considered before some of the larger schemes are entered into. If many of these municipalities could obtain the proper machinery for the digging of these dugouts, I know they would be very glad to enter into some sort of agreement with the Prairie Farm Rehabilitation Act administration to do this type of work in those municipalities in the northern part of the province.

I know the minister has received applications from that part of Saskatchewan, and that he has given sympathetic consideration to some of them. However, there are still many others anxious to come in under the act. I bring this to his attention, and ask again that serious consideration be given this matter.

The other matter I wish to bring to the minister's attention is one which was discussed by the hon. member for Acadia. I refer to the division of the water rights in the whole Saskatchewan river area. We in the north-east part of the province are possibly most interested in the power projects which might be developed from that river. If some of the larger schemes of irrigation are entered into in the western part of Saskatchewan and in Alberta they might seriously curtail the amount of water available for power purposes at points farther along the river. I would certainly suggest to the minister that at as early a date as possible an interprovincial conference should be held with respect to this matter, and that possibly a commission should be set up to come to some agreement in respect of the division of the water available. There is no doubt that by the establishment of reserves in the foothills a much more economical use could be made of the water than is being made at the present time. But before too much expense is involved in connection with the surveying and laying out of these larger schemes, it is my view that some agreement should be arrived at between the provinces. Otherwise it is just possible that some

of the survey expenses which may be incurred and other necessary work connected with these larger schemes, would be useless, if there is not enough water available.

Hon. J. G. GARDINER (Minister of Agriculture): Before replying to the points raised by the hon. member I should like to emphasize a correction in a report which has gone out from the discussion which took place the other day. I notice that in some of the press I am credited with having advised the committee that farmers should hold back their cattle. I think hon. members who were in the committee will agree that no such suggestion was made in the discussions which took place the other day. I should like to emphasize the fact that we do not want cattle held back. On the contrary we want cattle marketed at this time—all cattle, in fact, that are ready to be marketed, in order to avoid bringing about a great glut on the market later on, in October. We feel that in October the rush of hogs will take up a considerable part of the capacity of the packing plants, and for that reason we would like cattle to be passed through in as large numbers as possible before that time. So that I wish just to emphasize the fact that I had no intention of even suggesting to the committee or the country that the farmers should hold back their cattle.

On the question the hon. member for Melfort has now brought before the committee, may I say that in principle I agree with what he has said, namely, that we should emphasize small projects. I think it is generally agreed that the Prairie Farm Rehabilitation Act was brought into being to assist individual farmers as much as possible in areas where they were experiencing difficulty in getting water for live stock or water for small irrigation projects which might provide them with feed and fodder. That was the original intention of the act, and considerable emphasis should be placed upon that feature at all times. We did experience difficulty in getting the money spent on these small projects. The hon. member for Melfort will recall that that was the condition in the early stages of the development of this plan. The first act indicated that the farmer himself should dig the dugout. He was told under the terms of the act and the regulations that if he did so about half the cost—in the first place it was a third, and later it was raised to a half, then later to two-thirds, and then at last reduced to a half again—would be borne by the government. He was told that if he would put up approximately half the cost, the government would pay the other half. That was the way we started.

In the first year it was found that there were very few farmers who dug the dugouts, the chief reason being that they did not have the equipment. It will be recalled that at that time we had drought and poor crops, with resulting poor feed supplies. Even those farmers who could secure equipment from the municipalities did not have horses fed to the condition where they could be utilized for that kind of heavy work. And so the farmers just said, "We are not able to do it."

Then we devised a plan of encouraging municipalities to obtain equipment, either by hiring contractors or by buying equipment themselves and taking out the bottom six or seven feet. They said, "If the farmer takes off the first five feet they would send drag-lines in to take out the other six or seven feet." The money which would otherwise have gone to the farmers was paid to the municipality or to the contractor.

It will be recalled that in 1939 we had an unfortunate experience with that. We had authorized the digging of dugouts by the thousands. The farmer was authorized to go ahead and dig any time he wished to do so. In the early stages there were very few dug, and the result was that we did not get into financial difficulties. But in 1939 when there was a shortage of work for drag-lines and construction equipment, practically every contractor in the country entered into the digging of dugouts. It will be recalled that it took us two years to pay for the dugouts dug in 1939. As a matter of fact, a great many of our opponents said, unkindly, that we did it because there was an election coming on. Of course no one knew in 1939 that there was going to be an election in the winter of 1940. We did not even know it ourselves. Even in this house we did not know it until one day in January. Nevertheless, those who like to produce political arguments said that we simply went out and dug all these dugouts—twice as many as we could pay for—in that year, because there was an election coming on in the winter of 1940. We were not able to dig any dugouts in the summer of 1940 because we had no money with which to dig them. We had to pay for those already dug.

We are coming back into a similar period. For the last three or four years every contractor has been busy working on airfields and other work of that kind and was not able to dig any dugouts. In the meantime the municipalities have been buying equipment or have been getting permits to buy equipment in

order to do this work. Some contractors have equipment not now working on new work. The result is that this year there are many people who want to dig dugouts. The municipalities have equipment and the contractors are coming back and are trying to get work digging dugouts. The money was expended by the middle of July this year.

There was just as much money for dugouts as there has been in other years. Under ordinary circumstances we would not have been able to spend any more money than we spent last year or the year before, but my information is that this year the money ceased to exist about the middle of July. I think another $30,000 was provided in order to make it possible to go on until about harvest time. It is not entirely a question of how much money was available. We tried to divide the money up in such a manner as to get it all spent on useful undertakings, but it requires a lot of co-operation and sometimes a lot of advance knowledge as to what equipment is going to be available and so on. This year we could probably have used more money on dugouts than we have if we had known in advance that there was going to be equipment available.

Mr. PERLEY: Are the contractors who formerly did this work going to continue to do it this year? What price per yard is being paid and is it the same as it always was?

Mr. GARDINER: It was estimated that it took about nine cents per yard to move the earth, and we are paying four and a half cents per yard.

Mr. PERLEY: At the present time?

Mr. GARDINER: Yes, and we have been for three years. For a time we did pay up to six cents but we reduced it because we found that certain of these people who had purchased equipment could dig dugouts for six cents per yard, and in certain cases municipalities which had purchased equipment could dig them for that price. We were a little suspicious that in some cases they were making money digging them, and we put it back to four and a half cents, which has been the price for three years.

Mr. PERLEY: I believe considerable survey work has been done in the Qu'Appelle valley and the tributaries of the Qu'Appelle. The minister will know what I mean by "tributaries." Some stock watering dams were built. Is there anything likely to be carried on following the results of those surveys? Could the minister give us a little information with respect to the surveys and the reports he got?

Mr. GARDINER: The general plan in connection with any of these streams in the west is that we put in engineering parties to make surveys. We have done considerable work on the Frenchman river and in the southeastern part of the province where we are carrying on similar projects. Some of these surveys were originally carried on by the provincial government when irrigation was entirely under the provincial government, and we continued the survey work. Surveys were carried on on the South Saskatchewan river for the purpose of locating projects similar to the one which had been developed at Medicine Hat. There is a privately operated irrigation project just outside of Medicine Hat where the water is pumped up about sixty feet to a plateau which can be irrigated. Corn and alfalfa and other crops are grown there in abundance. With that experience and with the experience gained from other projects we conceived the idea of trying to locate as many as possible of these along the South Saskatchewan river between Medicine Hat and Saskatoon. Survey parties have been out working on this. From these, information can be supplied to farmers along the way as to what can be done.

Such projects can be developed only if power is available. We have all the figures of the cost of operating the project at Medicine Hat. Power is supplied there and there has been a discussion of the possibility of the company that develops power on the Bow river up at Calgary extending its line right on through to Saskatoon. They have asked for the privilege of doing this on a number of occasions. This kind of project is involved in the kind of thing that is now being discussed in Saskatchewan. It is suggested that all power development in Saskatchewan shall be under government control. About fifty per cent of it is now under government control. That would make it necessary for the government rather than the company to continue on through to Saskatoon. The Saskatoon plant is operated by the government. There would have to be power lines before these developments could be carried on along this particular stream.

Similar investigations are being made along the Qu'Appelle. I think survey parties have been out continuously for the last five years and as a result recommendations have been made in connection with the controlling of the waters in the lakes in the Qu'Appelle valley. Dams have been constructed at Buffalo Pound lake and at Long lake as well as at Qu'Appelle lake near the town of Fort Qu'Appelle. These dams control the waters in the Qu'Appelle valley. As is known by all who are familiar with that valley, Buffalo Pound lake is the

first of a series in the valley. At times when there is a rush of water the level of this lake is at a certain level. As the season advances and evaporation occurs the water level will drop from three to six feet below the level of the outlet. The water then became just standing water with no stream flowing out of the lake. A dam has been built across the end of the lake which prevents the water from rushing out in the spring. This dam is opened during the summer months to permit a continuous stream of water down the river. That is the object of having the dam there.

A little further along the valley is Long lake. This was probably not a part of the Qu'Appelle river but in a tributary basin. If one flies over the country he will see that at one time there must have been a connection between Long lake and Quill lake. There are alkali flats between those two lakes which indicate that they may have been lakes which have filled in at some time. The water flows into Long lake out of the Qu'Appelle valley in the early spring, and later sometimes flows out by the same runway as it flowed in. During a drought period Long lake may be six feet below the level at which water flows out. No water flowed out for a number of years recently because the level of the lake surface was too low. We have controls now at the end of that lake which we hope will result in our being able to control the level of the water to better advantage when the water in the lake returns to the level at which it once was.

Below that are the Qu'Appelle lakes. At the town of Qu'Appelle, where the old grade ran across the river and where the original bridge was, there is a dam put in. The grade was already there. When the dam was put in, the waters in that lake were kept up from one and a half to two feet, at any rate to a higher level than they were before. It is impossible to keep the waters any higher than the dam provides for because all along that lake we have summer resorts and people with cottages and if the water were higher certain points being utilized as summer resorts would be washed away.

The parties working along these lakes were providing information upon which decisions could be reached as to the levels at which the water should be controlled.

The next lake below Qu'Appelle is Katpewe lake. There has been a dam at the end of that lake for many years and the water is still kept at the same level at which it was prior to this programme being undertaken. But it is suggested by the engineers that the level should be raised. We have doubts about that because of the experience we have had. When I was minister of highways in Saskatchewan we put another foot on top of the dam and then had to take it off because the water was beginning to wash away the lands where the church and cemetery and Indian school buildings are located at Lebret. So that we had to let more of the water out of the lake. We are getting expert information from the engineers which will enable us to avoid difficulties such as we have got into in the past when trying to control the waters of that lake.

At Round lake and at Crooked lake it is much the same thing. There has been a dam constructed there for that purpose.

So far as the other surveys are concerned, they are made on streams running into the Qu'Appelle valley from both sides. Those streams have flowing water in them, under natural conditions, only in the spring of the year. The grade on which the stream flows is steep and the waters have a rapid descent. What the engineers are doing is trying to find all the locations where one could put in a dam and hold the water sufficiently far back to make it useful for different purposes, one of them being stock watering, as has been suggested. A number of small stock watering dams have been put in on different streams. What the engineers are really searching for is locations where one could put a dam across what may be a flat that runs out from one of these streams, and back the water into it in very much the same way as the water backs into Long lake.

Mr. MacNICOL: In other words, make reservoirs.

Mr. GARDINER: Yes, instead of having the water come down in the spring months, in a rush that will be over in from two to six week's time, we are attempting to hold the water back and let it down the streams gradually, keeping the water in the lakes at the bottom of the valley up to the proper level and keeping the stream flowing during the summer months instead of its being converted into stagnant pools.

Mr. PERLEY: The idea would be to have more than one dam on each stream.

Mr. GARDINER: Our big difficulty is not as to the number, but finding the proper locations. Because of the rapid descent of the streams, one could put a dam in it anywhere and hold back the water for two or three hundred feet, but we are trying to find a location where we can hold the water back for half a mile or a mile. If that can be done on the stream itself, so much the better. Where we can find locations to put in a dam,

say ten feet high, which would put six feet of water in a reservoir along the ravines, we would do that.

Mr. MacNICOL: They are working on that now?

Mr. GARDINER: Yes. These survey parties which the hon. member for Qu'Appelle is asking about have been working continuously on that and we have some reports on locations where that can be done. The streams come in from both the north and the south of the river.

Mr. PERLEY: If I may interrupt the minister, three or four years ago there was the idea of using this water for irrigation purposes and encouraging the farmers to produce sugar beets in the valley. Has the minister any information on that?

Mr. GARDINER: That is a possibility, but if you are going to do that it will be necessary to have all your data on how much water you could store back and let down. One of the difficulties in that valley is that many flats that might be useful have been created through the disappearance of the water. There may have been a lake there but the silt has come down and gradually filled up the lake until it is slightly above the high water mark of the stream, and the water disappears from the flat. There is some difficulty about irrigating a flat of that kind unless you can control water higher up the stream. You could not take sufficient water out of some of these lakes at present levels to irrigate any considerable acreage unless you had a further supply of water which you could let down after you had taken off your first supply of water. All that is being studied before any considerable scheme of irrigation can be entered upon. At present our information is that there is about 30,000 acres of land in that valley which could be irrigated if we were assured of a water supply and storage at the proper places.

In addition to irrigation down in the valley, there are many farmers along the tributaries who have possible projects very similar to those I spoke of on the Saskatchewan river, where a man by putting in a pumping outfit could pump water out on to a flat so that he would be assured of a garden, or it might irrigate a hay meadow without pumping. That is possible at places along these streams.

Mr. PERLEY: Does the minister recall that at Round lake and at Crooked lake a dam was put in raising the level of the water between four and five feet? That resulted in the flooding of the flats on the Indian reserve and destroying their hay meadows. They used to get about 500 or 600 tons of hay off that land just west of the lake, but for the last two or three years they have not been able to get any hay from that land, and that has been a terrible blow to the Indians. I have taken that matter up with the Minister of Mines and Resources, and I have had two delegations from the reserve wait on me within the last six months urging me to continue my representations to the minister that the water be lowered, say three feet, draining certain areas, so that the Indians could produce the quantity of hay which they produced previously. But the Minister of Mines and Resources would not give these representations any consideration at all. I have been over the location and know exactly the situation. Will the Minister of Agriculture take it into consideration? It would not affect the water in the Qu'Appelle river because, as the minister knows, that is a flat country, and the water level in the other lakes would not be affected either. There would be no less water going from the Qu'Appelle lakes into the river. I wish the minister would give this matter his earnest consideration. As I said before, I cannot get any consideration from the other department; and as the minister's department is building the dams and controlling the water, I bring it to his attention now.

Mr. GARDINER: The Indian branch of the Department of Mines and Resources, of course, put in claims on account of that land, and we have paid them $3,330 in damages on account of these lands which were flooded by the putting in of the dam. I can understand that that does not get them the hay.

Mr. PERLEY: They protested against that, as the settlement which the department offered to make them was permanent and for all time. They said that would not reimburse their loss for any more than one or two years. Certainly they will lose the hay for all time, so to speak, and that is one of the reasons they protest against having been forced to accept that settlement. I asked the Minister of Mines and Resources if his department would reconsider it. No, they said, that offer had been made and the Indians had to accept it. It was forced on them, and they accepted it under protest.

Mr. GARDINER: What we actually do is buy the land. In all cases, whether it is individuals or the Department of Indian Affairs or any one else concerned, we set a price for the land and buy it; and of course the land is sometimes flooded and is under water for all time to come and no one can occupy it afterwards; it is occupied by a

lake. I am not just sure what the condition is at that point, whether the water is up over the land at all times.

Mr. PERLEY: It is now.

Mr. GARDINER: I presume we bought and paid for it, and it is now part of the project.

Mr. PERLEY: I may say that the water is over it now, and the raising of the dam has forced a good many of the campers to move their cottages back. It is a great injustice to them; it has given them no additional service nor has it made the resort any more convenient or pleasurable.

Mr. WRIGHT: Will the minister state how many municipalities have made applications to come under the P.F.R.A. which the government has been unable to accept, and what is the possibility of more of these municipalities being able to come under the scheme?

Mr. GARDINER: The present position is that we have taken in certain river basins which I think everyone will agree are more or less in the drought area. This legislation is based first upon the fact that there is a drought area, and in defining it we have kept as close as possible to what is known as the old Palliser triangle. When we started out to operate under the act first we were not able to define exactly the boundaries of the old Palliser triangle, and we adopted the idea of confining it to river basins. What we have taken is the Assiniboine river basin, the Qu'Appelle river basin, the Souris, the Frenchman, the South Saskatchewan, and the North Saskatchewan until it comes to the point where it joins the South and becomes the Saskatchewan river. We have taken the height of land east and north of these and have made that the boundary as far as Saskatchewan and Manitoba are concerned. On the Alberta side we have followed down between the streams from Lloydminster toward Calgary where we touch the foothills, and then followed the foothills down to the United States boundary. That, roughly speaking, is the boundary line around the area. It starts just north of Winnipeg, comes up west of lake Manitoba, then follows into Saskatchewan, and around the height of land dividing the Assiniboine river from the Saskatchewan river basin including the Crooked, which is a branch of the Saskatchewan, and following the height of land through to a point where a line drawn north joins the Saskatchewan river. We have gone around the northern side of the municipal boundaries wherever we can, rather than taking the south side. Where the height of land runs through the municipality we have invariably taken the northern boundary. At the point where directly south of the junction of the two Saskatchewan rivers it becomes to Saskatchewan river, the boundary runs up to the junction of those rivers and then on the north side follows the height of land between the North Saskatchewan and the Churchill or other rivers north of the North Saskatchewan. That brings us out at the boundary line of Alberta at about where the North Saskatchewan river crosses the boundary line from Alberta into Saskatchewan. Municipalities all along that boundary line have suggested that they would like to be in, but our difficulty in connection with that is that a matter of policy is involved. The bill says, and all the discussions in this house have been related to the fact that, there is a drought area in the Palliser triangle and that because we induced settlers to go into it we ought to do something to assist in rehabilitating them; and that is the reason the act has the name it has.

A recommendation was made by a committee of this house last year that the principle should be applied to all lands and all provinces right across the country. The conflict is as between those two principles. If we are going to continue to apply this act to the Palliser triangle or what is known as the drought area, then of course the problem of water conservation outside of it is the responsibility of the provinces. We at one time under the Saskatchewan government had a well-digging policy; and we also built dams all over Saskatchewan before this policy came in at all. The same thing was done in Alberta and Manitoba. You can find dams all over the drought area which were built by provincial governments before this plan was adopted. You can find wells on road allowances which were dug by the old territorial government before there was a province and that are still operating, and other wells which were dug, within the first years after the provinces were formed, by the provincial governments. In other words, the responsibility for that kind of thing has always been assumed to be a provincial responsibility, and the only place we have departed from that in this house is in connection with what we call the Palliser triangle, the drought area, and we only took that on during the recent drought period, on the assumption that the federal government had induced people to go there, knowing that it was a dry area.

I as minister, and many others in this house, would be in favour of having a policy which extended right across the country, provided we could adopt it without getting into great difficulties with the provinces. But for the time being, with this act as it is, and with the

discussions which have taken place in this house in carrying out these projects, we think it is impossible for us to go outside the Palliser triangle or the lands which are as nearly as possible related to the Palliser triangle.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. MacNICOL: When the committee rose I was on the point of asking the minister a question with reference to what the prairie farm rehabilitation board is planning for that area west of the northern portion of the south branch of the Saskatchewan river west from Saskatoon. Last summer I met some engineers in the west who told me that the prairie farm rehabilitation board—to my mind quite rightly; I wish to support their plans in a general way—were planning to build a dam across the south branch of the Saskatchewan river at some point near Saskatchewan Landing. There is a natural depression north from that point, as the minister knows, which would seem to have been put there by Providence for some purpose. The depression is about forty miles long. A dam at Saskatchewan Landing, or perhaps near there, between 130 and 150 feet high, if the base of the river is of such material that a dam could be built that high, would result in that depression some forty miles long filling up with water. I believe that the general level would reach about 1,930 feet above sea level. If that could be done, the engineers really have something worth while. They could then run a canal north from a lake at the end of the depression, the name of which has slipped my mind at the moment; I think it is White Bear lake. The water level of that White Bear extension of the natural coulee would rise to about 1,930 feet above sea level. That would be providential, in my judgment. They propose to run a canal from the end of White Bear lake north for a few miles and then divide it into two main branches, one running northwest in the general direction of Tramping lake for perhaps fifty miles or more. Tramping lake is nothing more than a coulee at the moment. There is water in it at times and it is dry at times. Fortunately the general topography of the ground lends itself to these plans. In other words it slopes, I am told, from the high point of 1,930 feet down towards Tramping lake. If those plans are carried out it would mean that the water would flow by gravity as far as the Tramping lake depression. It would assist all of that area around Rosetown and the communities north. If my memory serves me rightly the other branch of the canal runs off to the right in the general direction of Saskatoon and north of the general direction of Saskatoon towards a place called Kinley. Another branch is planned to turn southeast in the direction of Luck lake, west of Riverhurst. Riverhurst is on the opposite side of the south Saskatchewan river.

As it was explained to me, there were three areas that could be served for irrigation purposes with water from a reservoir built behind a dam in the vicinity of Saskatchewan Landing. The west area would be something over 200,000 acres. That great extent of land could be irrigated. The land that could be irrigated west of Saskatoon would consist of over 600,000 acres. The southeast area down in the direction of but west of Riverhurst would be something less than 100,000 acres. From the information I gathered from the engineers I judged that there would be at least a total of a million acres of land there that could be irrigated if a dam were erected at or near Saskatchewan Landing.

I wish to assure the minister as one hon. member of this house that if such a proposal to irrigate a million acres were put forward I would support it to the best of my ability. It would mean the opening up of many thousands of new farms. It would mean the irrigating of that area by gravity without pumping, as I understand it. I hope I am right in that. It would supply water to an area that richly deserves it. I believe if such a programme were carried out it would result in the doubling of the population of Saskatoon in twenty-five years. Instead of being a city of forty to fifty thousand people it could have ambitions of reaching a hundred thousand.

Other proposals, as the minister knows, have been made for bringing water four hundred miles from the north Saskatchewan river for irrigation purposes. I am opposed to that. I am opposed to any diversion from the north Saskatchewan river, and would do my best to organize opposition to it. But the scheme I have outlined seems to me to be one that Providence has provided for.

I ask the minister if any plans have been prepared to take care of providing water from a dam anywhere in the vicinity of Saskatchewan Landing for the irrigating of the million acres of the low moisture land west of the general line of Saskatoon and north of the general line from Saskatchewan Landing. If there are, they would have my sincere support. If the proposal to build the dam at Saskatchewan Landing—a power dam as well as an irrigation dam, because the large coulee would store all the water that would be required to take care of the irrigation work,

and the dam itself would be of such a height that I believe some 75,000 horse-power could be produced there—is proceeded with it will have my support. However, I wish to warn the minister in one particular. As I see it, the primary consideration is the building of the other dam I proposed somewhere near Riverhurst to take care of that area in the general direction of Regina. I am not going to go into that, other than to say this. The engineers in charge of both those proposals should see to it that the dam at Saskatchewan Landing should not be so constructed that it would interfere with the backwater from a dam that could be built near Riverhurst. By river water it would not be more than a hundred miles from Riverhurst to Saskatchewan Landing. I believe that the river level at Riverhurst is about 1,700 feet above sea level. I believe the river level at Saskatchewan Landing is about 1,811 feet above sea level. Therefore if the dam is raised to 1,930 feet the engineers would have to be careful that anything they do at Saskatchewan Landing would not interfere in any way with what must be done at Riverhurst. The first thing to be done is to build a dam somewhere near Riverhurst.

I wish to compliment the department on the grand plans that the P.F.R.A. people have apparently examined into. I can see plainly that if these plans were carried out, as they should be, with the cost divided in proportion, it would be a great thing for the central province of Saskatchewan.

Mr. GARDINER: The engineers of the P.F.R.A. branch are making surveys in the area just referred to by the hon. member for Davenport. The first investigations have to do with the possibility of building a dam somewhere near Saskatchewan Landing. Last year a certain amount of money was spent in drilling test holes during the time the ice was on the river, in order to determine whether or not conditions were suitable for the construction of a dam. That is about as far as we have gone up to the present in the matter of investigations. There is no report from which I can quote as to what are the possibilities. The statement that has been made was a general statement of the situation as it now exists. This summer we hope to spend some money in making surveys from the air and further surveys on the ground in order to ascertain the possibilities of that plan, but at the moment I am not in a position to give any details of what will be accomplished by the plan or what are its possibilities for the future, because as yet we have not received a report from the engineers which would make such a statement possible. I should add that the distance from the proposed site north of Moose Jaw to the site suggested here is something like sixty miles.

Mr. MacNICOL: Am I right in my understanding that the general topography of the land slants to the north?

Mr. GARDINER: I would think so, though I have not an engineer's report upon which to base that statement. I believe water will have to be pumped in order to get it up to the point where it will flow.

Mr. MacNICOL: Pumped out of the river?

Mr. GARDINER: Yes, I would think so. I believe under the plan sufficient power will be developed from the dam itself to take care of the pumping, and the cost will not be prohibitive. I believe some pumping will have to be done, but I would not want to be too definite on that before we get the final report.

Mr. GERSHAW: This vote is to support prairie farm rehabilitation, the need for which was recognized long years ago. Ten years ago the need became particularly acute, and this act was passed. That need is still great, particularly in the Palliser triangle, which so desperately requires something in the nature of a permanent policy. Year after year it has been demonstrated that there is not sufficient rainfall in that district to permit agriculture to be carried on, so that some permanent policy must be adopted in regard to irrigation. Streams flow eastward from the Rocky mountains and north from the Cypress hills. If the waters of these streams could be made use of it would be a great blessing to the people of this district. The works should be of a permanent nature, so that they may continue to be useful long after we are gone. I am sure the staff in the office at Regina have gathered a great deal of valuable information in connection with this area, and I want to make the plea to the minister that the engineers should concentrate on this primary objective until it is much closer to accomplishment than is the case at present. In addition, some of these works which are partly finished could be completed at very small cost, and I think that should be done just as soon as men and material are available. The longer they are left unfinished the greater will be the suffering. This is really one of our very urgent problems.

Mr. TRIPP: First of all, Mr. Chairman, I should like to congratulate the minister and the department on what has been done under the P.F.R.A. I know this measure was brought into operation by a previous administration, but it took the present minister to realize the

possibilities of this area. He knows the country; he recognizes the needs, and if you travel through that country you will realize that he and his department should be given great credit for the way these projects are being developed under this act.

This morning I was very glad to hear the minister place emphasis upon the small projects which are to be undertaken. It is all very well for some hon. members to get up in this committee and advocate the expenditure of considerable sums of money on large projects, but in my opinion what is needed more than anything else is the further development of the small dugout and the small dam both on the farm and on the stream in the southern part of Saskatchewan. These small projects, I believe, best serve the needs of the greatest number of people. As far as the expenditure of money is concerned it does not cost much to build one dugout, but collectively they are of great benefit to the farmers of that country. Many farmers who formerly had to draw water three or four miles have benefited from the construction of these small dugouts and dams.

I should like also to bring to the attention of the minister a project on the Souris river, with which I am sure he is well acquainted. This project has been surveyed and fully covered by his department, and I believe the commissioner at Regina is quite prepared to go ahead with it when the money is available. It will consist of the construction of two or three small dams, which will provide storage for considerable water over a matter of about forty miles of country. The valley of the Souris river is quite wide, and if the pumping method of irrigation were adopted a great many acres of land could be developed for the production of hay and even fruit. I was speaking to the commissioner with regard to this project, and he feels that fruit crops could be developed in that valley just as they are now being developed at the experimental farm at Morden.

I also want to commend the minister upon the work he has done in establishing community pastures in that area. These pastures have served a very useful purpose and are still doing so. Years ago, when the drought was upon us, we had community pastures where we could send our stock, where water was provided, and they filled a great need. I hope the minister will give consideration to this project along the Souris river. If it is not possible to include it in this year's programme I hope he will be able to include it in the programme for next year.

Mr. BURTON: As has been pointed out by other hon. members, the P.F.R.A., as it is commonly called in the west, was begun primarily as an experiment in the so-called drought area. I want to join other hon. members who have given credit for the work that has been done in this connection.

While some of us may from time to time have offered criticism, in the right places, we are also prepared to give credit where credit is due. I sincerely believe that this so-called experiment in the drought area has proven successful and is beyond the experimental stage. While we were experimenting with that work, the idea was to be made effective in the smaller field. That was the original plan. I was pleased the other day to hear the minister explain how the Moose Jaw water project had been taken care of by a special vote earmarked for that purpose. I think that was handled in the proper way, and I suggest that similar work in the future be undertaken in the same fashion.

While I am prepared to admit that the preliminary work, and even the active administration work and the handling of the larger projects, in all probability can best be done under the Prairie Farm Rehabilitation Act, I do submit that the larger irrigation projects, those connected with the supplying of water to urban centres such as Moose Jaw and Regina, as has been advocated by the hon. member for Davenport, should be provided for by a special vote, and the Prairie Farm Rehabilitation Act should carry out the work. However, the experimental stage of this work, as I suggest, has passed. I believe we have now reached the time when there might be a renaming of the act, and also a rewriting of it so as to widen its scope. The renaming might easily be done by inserting in place of the word "prairie" the word "Canadian", so that we would have a Canadian farm rehabilitation act.

Having gone through the experimental stage in the west, we now have the advantage of knowing what can be done. The time has arrived when we should take in all the farming areas in Canada. We might have three separate zones, one for the maritimes, one for central Canada, and one for the western provinces, all working under an administrative head. The other evening the hon. member for Cumberland suggested that there should be a reclaiming of the marsh lands in the maritime provinces. That work could be taken care of, as well as other necessary work. I had hoped when coming to Ottawa that during the course of the session I would have time to get around to other parts of so-called eastern Canada so as to familiarize myself with the conditions in this section of

the country. As hon. members well know, since coming to Ottawa we have been very busy and I have not had the pleasure of visiting the farming areas as I should have liked. However in the little bit I have been able to get around I can see clearly that there is need for rehabilitation in eastern Canada, just as much as in western Canada. Therefore I suggest that we might enlarge this act so that it would be a C.F.R.A. instead of a P.F.R.A. The work is there, and now is the time to make preparations not only for the rewording and rewriting of the act but also to plan so that as soon as the war is over we may begin on a programme calling for an expenditure of at least $100,000,000 in each of a few years following the war. The experience gained by operating under the act in the so-called drought area will be of great benefit to all farming communities in Canada.

Mr. HENDERSON: I should like to add a word to what has been said in connection with the Prairie Farm Rehabilitation Act. There are seven community pastures in the constituency of Kindersley, which I have the honour to represent. Those pastures aggregate 174,680 acres of submarginal land which has been reclaimed. Nearly all the pastures have been operating for three or four years, and the greater portion of them have been regrassed with tame grasses of various kinds, chiefly crested wheat grass. Those pastures are supporting and feeding over 3,000 head of cattle and 2,000 horses. There are two more pastures ready for construction when we can get the men to build them. Those pastures are rendering service not only locally to Kindersley constituency, but to the whole of Canada.

With the advantage of registered Shorthorn and Hereford sires in developing those strains of cattle on the pastures, buyers from eastern Canada are in a position to select from one to three or four cars of feeder steers in the fall if they care to come to that community. They can go into these pastures and soon get plenty of splendid cattle. In truth those cattle are fairly well ready for the market when they come off the pastures in the fall. There are some feeders who would consider them pretty well warmed up, and in condition that the old country pepole like. The way the present minister has extended this work under the Prairie Farm Rehabilitation Act, in connection with pastures, is most commendable.

I have one further word in connection with water. I support what the hon. member for Davenport has said. We have cooperated on this subject before. I believe I have spoken with respect to it on two other occasions in this chamber. The hon. member was on sound ground in practically everything he said in connection with irrigation along the south Saskatchewan river. I did not agree with him, though, in what he said with respect to the area north to Tramping lake. There is a height of land there which would eliminate it from the area. Most of the country to which the hon. member referred could be covered, more particularly that portion near Saskatoon via Eagle creek. It could be taken care of from there. But Tramping lake would have to be filled from the north, either from the North Saskatchewan river or the Red Deer river. It has been suggested we should not take anything from the North Saskatchewan river. It could be secured from the Red Deer and other sources in the west, utilizing Sullivan lake and Tramping lake to take care of the surplus of water now running away.

Mr. McNIVEN: From the remarks made in connection with the Prairie Farm Rehabilitation Act it would appear that there is unanimity with regard to the merits of the act and its administration by the present minister. With that view everyone in western Canada would agree. Scattered throughout western Canada there are about 19,000 individual dugouts, watering dams and small irrigation projects which have proven a veritable boon to western Canada. It was a real tribute to the minister to hear the hon. member for Humboldt suggest this afternoon that the name of the act should be changed to the Canadian farm rehabilitation act and be administered for the whole of Canada in the same way as it has been administered for western Canada. I am in accord with that suggestion. The matter was considered last year by the reconstruction committee, and in an interim report to the house it was recommended that the provisions of the Prairie Farm Rehabilitation Act be extended to other parts of Canada so that districts which might be afflicted would be able to receive the benefits of this legislation.

I concur in the plans that are being developed for the irrigation of certain parts of western Canada. In this connection I would commend the efforts and vision of the director, Mr. Spence. In giving evidence before the reconstruction committee he formulated plans for an irrigation project which would provide water for very extensive areas and assure abundant crops.

These amounts are contained in a general vote, but, as has been mentioned by the minister, special votes have been provided for water conservation. This was the case in connection with Saskatoon and later for Moose Jaw and more recently for the town of Hum-

boldt. In this connection the department has undertaken a search for water to supply this town. I commend the minister for this undertaking. Having recently spent three weeks in Humboldt I know something about the quality of the water there. I think I can say there is not a town in western Canada in greater need of a supply of consumable water.

Mention has been made on more than one occasion of the projects to provide Moose Jaw and Regina with permanent water supplies. It is part of the plan that this water should come from the Saskatchewan river and be piped to these areas. This plan is not new; it was first broached in 1913 when a vote of the burgesses of Moose Jaw, Regina, Weyburn and some of the intervening areas, together with the inhabitants of the rural areas concerned, was taken. The proposal was that the city should pay a certain portion of the cost, the provincial government a proportion, while the lands bordering upon the project and which would be benefited therefrom would be taxed. The project was defeated, and until recently there has been little done or said with respect thereto.

I would point out that the minister has partly developed this plan by means of an open ditch and pumping station at Riverhurst in order to make available a supply of water for Moose Jaw. Moose Jaw has an acute water situation, and those of us who live in Regina are in sympathy with the situation in which that city finds itself. We are heartily in accord with any plan that may be formulated for the correction of that situation. When the plan was first broached some three or four years ago our citizen body was glad to lend its support to carrying it out.

Regina is not in exactly the same position. Regina is peculiarly situated in a saucer, and it obtains its water supply from a series of artesian wells. These were first drilled some forty years ago and at the present time there are forty-two wells in operation. Water has never been rationed in Regina and there has never been any shortage for domestic purposes. We have an abundance of water to satisfy any reasonable demands of industrial life. The water consumption in Regina for the first six months of this year was 860,000,000 gallons, an average of slightly under 5,000,000 per day or 80 gallons per person. These figures indicate that there is immediately available a supply of water for all reasonable purposes. Within the last few weeks another well has been brought into production with a flow of 1,000,000 gallons per day, and two other wells are being drilled at the present time. Water is found at a depth of from 150 to 180 feet. In addition to the forty-two wells I have mentioned, certain industries, including two breweries, have artesian wells on their own properties. The General Motors plant have an artesian well, the two packing plants have wells, as has Imperial Oil. It will be apparent that there is available an immediate supply of water.

I want at this juncture to pay a tribute to the hon. member for Davenport for his continued interest in western Canada and in the development of water and irrigation projects in particular. He has had a continued interest in the cities of Regina and Moose Jaw. On several occasions the hon. member has said that he is a retired eastern manufacturer, but unlike other eastern manufacturers the hon. gentleman spends much of his time and considerable of his money in visiting western Canada to ascertain for himself the problems facing that part of the country. I want also to commend him for his industry in eastern Canada. On numerous occasions when addressing eastern audiences the hon. member has emphasized the necessity of the development of western Canada to ensure a prosperous east.

The other evening the hon. member stated that having been engaged in the manufacture of radiators, if he were to establish a plant in Regina the first thing he would ask for would be the water supply. With an inadequate water supply he would be deterred from starting his plant there. I know the extent to which the words of the hon. gentleman are weighed and considered by those in eastern Canada and I hope therefore that eastern manufacturers will not consider that Regina is a continuing victim of the drought and that a shortage of water is a reasonable excuse for their refusal to establish manufacturing plants there.

I should have stated earlier that the city engineers informed me that there had been no appreciable diminution in the supply of water, nor had the water level dropped in the artesian wells in the drought years between 1930-39. I have before me a telegram from the mayor of Regina in which, after expressing his thanks and appreciation to the hon. member for Davenport, and commending the Moose Jaw water project as a post-war undertaking, he says:

> Mr. Farrell, waterworks superintendent, quite interested. States present supply adequate with no suggestion of failure but ultimately water from Riverhurst logical.

My view that eastern manufacturers, in addition to the hon. member for Davenport, have some such thought in their minds is confirmed by certain statements made by the hon. member for Danforth, who, before the reconstruc-

tion committee, said that western Canada could not expect industrial development until the water situation in western Canada had been corrected. I am very much afraid that our eastern industrialists are looking for an excuse to keep out of western Canada, rather than to go in there and develop a market. I am constrained to that viewpoint because at the city of Calgary, for example, they have the Bow River and an unlimited supply of excellent water. The same is true of the city of Edmonton, on the north Saskatchewan. The same is true of Battleford in the province of Saskatchewan, where they have the Battle and North Saskatchewan rivers. It is equally true of the city of Saskatoon, where the river flows right through the middle of the city. It is equally true of the city of Prince Albert, where the North Saskatchewan flows right through the city.

Mr. REID: The hon. member is speaking of industrial development on the prairies. I agree with him that that is very desirable, but is it not a fact that electricity can be developed in areas near to coal fields as cheaply by coal as it can be by water, so that there is no reason why the prairies should be denied industrial plants?

Mr. McNIVEN: That opens up a very interesting question and one that has been under consideration in our province for many years. In southern Saskatchewan we have some twenty million tons of lignite coal, with an overburden of from 35 to 150 feet. That coal is mined by the strip method. There is a small power plant located down there now that should be utilized and will be utilized at some time in the very near future to a greater extent than at present for the development of electrical energy. I am not so sure that power can be developed from coal as cheaply as it can be from hydro.

But to continue, the city of Brandon likewise is on the banks of the Assiniboine river, and the city of Winnipeg is located at the confluence of the Red and Assiniboine rivers. Therefore we have a superabundance of water in western Canada, but industry has not located in western Canada to the degree that it should have. As an example there is in the city of Calgary a rolling mill. It was established some years ago, but never turned a wheel. It required a superhuman effort on the part of the hon member for Calgary West to keep that rolling mill from being rolled clean out of the province of Alberta about two years ago. Again, there is a steel and iron works in the town of Selkirk in the province of Manitoba which has not operated to the degree that it should have.

[Mr. McNiven.]

No, sir, I am constrained to the viewpoint that it is not water that is the deterrent. It is not a lack of water in the west that compels the centralization of industry in other parts of Canada. We have attempted to establish industry in the west. In my own experience since coming to the city of Regina we have had a soap factory there, a plant for the manufacture of shoes, a tannery, a plant for the manufacture of cigars, a plant for the manufacture of hats, and other establishments of one kind and another. All these plants have folded up and gone out of business. In some cases it was for lack of capital; in other cases it was poor management; but for the most part it was unfair competition from established industry in other parts of Canada that drove them out. Now that must be corrected if we are going to have a better balanced economy in our province. I could give you a great many instances of how it has worked out in western Canada.

While the minister may not think that this is identified with P.F.R.A., I should like to continue for a moment to establish that it is not the shortage of water but some other reasons that deter industry from establishing in western Canada.

Mr. GARDINER: Since the hon. member has raised the point I must say, Mr. Chairman, that I hope we shall not get into a discussion of industry under the P.F.R.A. vote because I am hopeful of getting through some time.

The CHAIRMAN: I do not want to curtail the discussion but I think the point of order is well taken. The subject is the Prairie Farm Assistance Act.

Mr. McNIVEN: I bow to your judgment, Mr. Chairman, and will make only one other short statement which can be linked up and identified with water and which serves to emphasize the point I want to make.

Some few years ago enterprising farmers north of Regina sunk a well to the depth of 3,300 feet. They got salt water at that depth. In order that their efforts should not be completely abortive, they put in a pumping plant and a drying plant and were ready to put salt on the market. But the day that they were prepared to put salt on the market, the price of salt in the Regina freight area was dropped by $9 per ton. That put that salt project out of business and it has never functioned since.

Mr. CASTLEDEN: The C.P.R.

Mr. GARDINER: No, he said it was the price, not the freight rate that dropped.

Mr. McNIVEN: It was not the freight rate but the salt price which dropped in the Regina freight area by $9 per ton. This project was unable to met that competition and has never functioned since.

The hon. member for Davenport suggested a fire hazard existed in our city and that it would be a deterrent to the location of industry there. I believe I have established to his satisfaction that there is a supply of water immediately available to meet any emergency and every contingency; and I would not have him overlook the artificial lake we have almost in the centre of the city which covers some sixty acres and could be used in case of emergency as an auxiliary.

Mr. BENCE: I should like to endorse particularly the latter part of the remarks made by the hon. member for Regina City. I do not intend to enter into any discussion of the matter of industries; I realize that it does not come up strictly under this item. But in addition to the remarks made by the hon. member, I am sorry to have to say that in certain instances the administration or their officials have discouraged the setting up of industries in western Canada. I refer particularly to flax processing; I know definitely that it has been discouraged in Saskatchewan, whereas it has been encouraged in Ontario by officials of the government.

I endorse the suggestions which were made this afternoon with respect to the enlargement of the schemes which the government has been undertaking during the last number of years under the provisions of the Prairie Farm Rehabilitation Act. I especially endorse the suggestion of the hon. member for Davenport with respect to irrigation. This matter first arose a few years ago when we found ourselves in a straitened situation through drought. Now that conditions have returned more or less to normal I am afraid that many people will forget what occurred at that time, and it is possible—we hope not—that there will be a recurrence of drought conditions and we shall not be properly prepared to meet them. It seems to me that we should be thinking very seriously now of extending as largely as we can irrigation projects which have been carefully worked out and will produce the greatest results. The minister has often described in this chamber that great Palliser triangle which takes in my constituency and a large part of central Saskatchewan, where one needs a certain amount of moisture, but just a certain amount, to produce the best grains in the world. Unfortunately if you do not get that amount you have a crop failure; if you have too much you do not get quite the results you should have in grade and quality. Because of our scientific researches and our modern knowledge of agricultural produce, excess moisture is not as great a hazard as it used to be. But certainly we should have some protection for the times when the supply of moisture is not sufficient to induce germination and to produce crops in this particular area. Besides, if these vast irrigation schemes were put into effect we would be able to achieve a diversification of agricultural production; in addition to producing very hard wheat we would profit by that diversified economy which, I am sure, all hon. members feel is essential to all parts of Canada.

Mr. WOOD: I should like to make a short contribution from the Ontario standpoint. I am inclined to endorse the standpoint of the hon. member for Humboldt, that P.F.R.A. should be given national application and extended to other parts of the dominion. Even in Ontario we have conditions wherein public assistance might serve a national interest, through the reforestation of certain lands which should never have gone into agricultural production. It seems to me that there is a field for expansion in that direction. At the same time I do not believe that large investments of taxpayers' money should be made in schemes of this kind without the prospect of an ample return for the money expended. I do not know whether I am clear about this scheme—whether at the present time there is a return of any kind. I was led to believe that it was intended that there should be, in course of time. It is true that if you can increase production, the government receives indirectly as a consequence a certain amount of revenue. But in the United States, on schemes such as that by which the reconstruction finance corporation built Boulder dam and many other projects, assessments are made in respect of the services rendered, upon those who benefit by them, and up to the present time the return upon the original capital expenditures has been as much as twenty-five per cent. I do not believe that governments should throw their taxpayers' money around without a prospect of return, and I urge that this principle be kept in mind.

I was out in Saskatchewan in 1937. It was a fairly dry year, and I was much impressed by the necessity of doing something to maintain the families in the drought areas of the west. Any of us who happened to see what conditions were there could only welcome an opportunity of contributing money to the general welfare and well-being of the prairie provinces. But conditions have somewhat changed. Although this year we are asked to vote only two million dollars, I would remind hon. members that there has been a consider-

able expenditure in the west in these various schemes. I happen to have in my hand a return from the Canadian federal farm loan board, and I find that there is a measure of prosperity even in Saskatchewan, as indicated by the fact that in the year ended March 31 last, of eight million dollars borrowed from the board, two million dollars was paid in the retirement of principal. In other words, in one year of prosperity Saskatchewan farmers have been able to repay one-fourth of their indebtedness to the board. We are very glad that that has taken place, but it seems to me that the time has come when an assessment might be levied on those who derive the benefits from these schemes. In this way capital would be returned and could be reinvested in a kind of revolving fund and the work extended all through the dominion.

I have mentioned this because it seems to me that there is a tendency for us, even in prosperous times, to endeavour to satisfy some desire at the public expense without the prospect of return to the treasury. I hope that when this work is continued, this aspect of the scheme will be given some consideration, so that the money will be returned and made available by way of a revolving fund for expenditures throughout the country.

Mr. MATTHEWS: I shall not attempt to follow all the way through the remarks of the hon. member for Regina city. I was impressed by the able presentation he made. I wish to say a few words to endorse all that he said and more with regard to the Prairie Farm Rehabilitation Act expenditures. No one living in other than the prairies can begin to visualize what those dugouts have meant to the farmers of the west. They have simply transformed large sections of western Canada; and drive where you will to-day you will see splendid herds of cattle from which the owners are reaping good returns, where a few years ago, because of lack of water, they were not able to keep more than two or three cows. During the last few years this has been of particular advantage in supplying food to our allies. I feel sure I am speaking for the general public throughout the west when I say that the Minister of Agriculture, his staff and his engineers, are entitled to a large measure of gratitude and appreciation for the way they have stood by this work. I am speaking of what I have seen, speaking of what I know.

Just a few days ago I received a letter from a progressive farmer in Manitoba who lives in a district where water has never been plentiful. He has made considerable money because of those dugouts, and he expresses the hope that in part of that district there will soon be a hundred more dugouts placed. I understand the great trouble is the lack of machinery.

I am glad that there is no reduction in the estimates this year for that purpose. I do not regard this as an expenditure; it is an investment. It is an investment that yields rich dividends. These dividends are not payable to western Canada alone; in very large measure they seep back to the east. They mean abundance of business. They mean more and more to the workers of eastern Canada. They tend to the upbuilding of Canada as a whole; and I wish to express my appreciation of the fact that again this year that expenditure or investment, as one may wish to call it, is to be continued.

Mr. HENDERSON: May I give a word of information to the hon. member for Brant, which I should have given before. These community pastures are now all self-supporting. In fact the sinking fund will more than rebuild the pastures in twenty years.

Mr. DIEFENBAKER: I wish to join with the hon. members who have preceded me in paying my tribute to the administration of the Prairie Farm Rehabilitation Act, and to ascertain what is in contemplation by the administration during the coming year, particularly with regard to the matter of the land utilization programme respecting submarginal lands that have been removed from cultivation in recent years.

According to the information that has been published by P.F.R.A. officials, one-quarter of the lands that had been in cultivation in the western provinces are submarginal lands. One of the outstanding pieces of work that has been done by this administration during the past number of years has been the removal from cultivation of a large amount of submarginal lands and the establishment of pastures and the like but there has been a marked trend in recent months, and particularly within the last year, toward a resettlement of some of those areas containing submarginal lands. This has been brought about by the fact that moisture conditions are improved and also that prices to-day make it worth while for a farmer to farm submarginal lands. When the minister makes his statement would he tell us what is being done by the department to assure us that in western Canada we shall not again find ourselves in the position in which we were during the thirties when because of the settlement of submarginal lands great difficulties were experienced by the settlers; and furthermore, social services which otherwise would have been available to them were denied because they lived in those areas.

There is a very good summary of the work of P.F.R.A. in the booklet issued by authority

of the Minister of Agriculture. It is a report on the activities of the P.F.R.A. for the eight-year period ending March 31, 1943. This is what the booklet says:

Throughout the agricultural region of the prairie provinces are scattered areas of land, of varying acreage which are unsuitable for crop production. Unsuitability for cultivation arises from one or more of several conditions, such as rough topography, excessive stoniness, alkali, light-textured soil with poor water-holding capacity and an inadequate supply of soil moisture. Individual submarginal areas vary in extent from a few acres to several hundred thousand acres.

An unfortunate phase in the history of the agricultural development of western Canada was the settlement of many areas of submarginal land.

Then it goes on to say:

Such farms have been aptly described as the "slums of the open prairie", where economical crop production is impossible, and where social services, if available, can only be maintained at a loss to the community.

I do not agree with the following statement:

A large percentage of the cost of rural relief and of the losses arising from tax delinquencies which have been experienced on the prairies in recent years, can be charged to the existence of submarginal farming.

I think that statement is subject to the qualification that most of those conditions, or a large part of them, were the result of low prices and low crop yields, mainly due to lack of moisture during the years 1930 to 1939. One hears it often stated that the low price of farm products during those years was due to the fact that the Bennett government was in power. In that connection it is well to read one portion of this booklet which clearly sets forth the official view of the Department of Agriculture, the booklet being issued by the minister. This is what it says:

In the year 1930 agriculture on the Canadian prairies, hitherto reasonably prosperous, entered a period of combined economic depression and severe droughts. The agricultural crisis which resulted has exerted a profound influence on the lives and fortunes of prairie farmers.

Then there is this revealing statement, which answers those who would hold the Bennett administration responsible for low prices during those years:

The depression, inaugurated by the memorable stock market "crash" of 1929, and which was world-wide in scope, bore with particular severity on prairie farmers. There were several reasons for this condition. Prairie agriculture, as a whole, was dependent on the export grain trade for much of its revenue. Contemporary with the depression, however, the export grain trade had encountered obstacles in marketing wheat abroad, due to increased foreign production and to newly erected tariff barriers. Restricted markets in turn resulted in reductions in the price of wheat and other cereals. For the nine-year period from 1930 to 1938 inclusive the average farm price of wheat in the prairie provinces was only 55 cents per bushel, as compared with 92 cents for the preceding nine years.

Mr. RICKARD: On a point of order, Mr. Chairman, what has this to do with the item before the Chair?

Mr. DIEFENBAKER: It has to do with prairie farm rehabilitation, and has been incorporated in the book dealing with this subject issued by the minister. During those years the Prairie Farm Rehabilitation Act was set up under the Bennett administration, and has been carried on and extended under the present administration. The hon. member for Brant asked whether or not it pays a return. I join in the suggestion made this afternoon by the hon. member for Humboldt and supported by the hon. member for Regina City—who also advised us that this scheme had been suggested by the committee on rehabilitation as a post-war measure—that the P.F.R.A. be extended as a dominion measure; and experience has shown that it will pay returns. It has brought results. It has paid returns far beyond the extent of the expenditure made under it, in the new hope and determination it has given the people of western Canada, who never could have carried on in recent years if this scheme had not been inaugurated.

In passing let me say this. We often hear the suggestion advanced that people in eastern Canada do not appreciate the needs and difficulties of the people on the prairies. My answer is that we in western Canada can never adequately show our appreciation of the attitude taken by the people of the east during those dark and difficult days. We may fail to express that appreciation and to pay our tribute of thanks, but the west know that they helped us during our difficult days, and the suggestion advanced this afternoon that the operation of P.F.R.A. be extended to apply to all of the country offers just one way in which we, having passed through the experimental stage under this act, may do our bit to assist in the rehabilitation of other parts of Canada. I believe the minister dealt with this matter last year, and I am sure he believes that something along this line must be developed in eastern Canada.

Mr. GARDINER: I also dealt with it this morning, just before lunch.

Mr. DIEFENBAKER: I heard the hon. gentleman deal with it last year; I was not present this morning at the sitting of the

committee of the whole. I am not in agreement with the suggestion that there should be an expenditure of $100,000,000. To-day I am afraid too many hon. members are apt to recommend the expenditure of hundreds of millions of dollars without considering the fact that such tremendous expenditures will necessitate increases in taxation. I do feel that a step can be taken in the direction of extending its operation to the whole of Canada without spending anything like the amount mentioned. I know something of the conditions that exist in Nova Scotia, in the marsh areas referred to not long ago by the hon. member for Cumberland. I feel that this act should be made applicable to projects in all parts of Canada, and that this could be done without difficulty, and certainly without criticism, so that something in the way of rehabilitation might be accomplished in the marsh areas of the maritimes.

I join in the very generous tribute that was paid by the hon. member for Regina City to the hon. member for Davenport. I believe that western Canada, regardless of party affiliations, owes a debt of gratitude to this hon. gentleman for what he has done in endeavouring to show the people of this country from his first-hand experience and knowledge something of what unity means in building up a nation, each part dependent upon the other, in order to assure the economic welfare of the whole. That has been the crusade in which the hon. member for Davenport has been engaged for a number of years, and the people of western Canada appreciate what he has done. He has also shown the people of the east something that the hon. member for Brant has lost sight of, which is that in restoring prosperity in western Canada, or in the maritimes, or on the far western slopes of the Pacific, prosperity is brought to those portions of Canada that depend upon industry. That has been the purpose of the work of the hon. member for Davenport, and this being the first opportunity I have had to say a word of commendation, I am glad to be able to do so.

I should like to know from the minister what is being done in connection with the submarginal lands. I know of the work that is being carried on by the land utilization branch, but I have noted that in recent months there has been a gradual return of people to these areas because of the fact that in other parts of the province farm land is difficult to secure and prices have increased. They are returning to these areas which history and experience since 1860 have shown have experienced periods of drought that have continued from five to seven or even ten years at a time, they being located within the northern confines of the great American desert.

Mr. GARDINER: During the years this act has been in operation we have taken 1,268,000 acres of land out of cultivation and put it under pasture. When I say "out of cultivation" I do not mean that all the land had been put under the plough. Some of it, of course, had been included in farms, and the proportion of a farm which is under natural grass in submarginal areas is perhaps greater than in the better areas. We have taken over the land previously operated by individuals, in some cases as farms and in other cases as ranches, under lease from the government, and have placed that many acres under pasture. In the beginning we had a very definite opinion in that regard. It will be recalled that this method of dealing with submarginal lands was not contained in the act as it was first drafted but was added in one of the amendments made in 1936 or 1937, shortly after I took over the department. When we began to deal with the matter we asked the provinces, since the lands had been returned to them, to turn over to us any of these lands over which they had control. We asked them to turn over to the federal government, through the Prairie Farm Rehabilitation Act and through the Department of Agriculture, any of the lands they desired us to put into pasture. Only one province agreed to do that. Saskatchewan agreed to turn the lands over and place them under the ownership of the federal government, if they were fenced and put into pasture.

The reason we were insisting upon that at the beginning was that we wished to prevent for all time farmers going back on those lands. And so we wanted them to be under the ownership of the federal government. We put fences around them, and we make them available to the people in the community. In obtaining that control and ownership of the lands we agreed to enter into some kind of arrangement with any individuals on the lands to provide for moving them off and putting them on better lands. We preferred to put them on lands outside the pastures, where they could get a better grade of land, and at the same time utilize the pasture in order to assist them in carrying on. But in addition to that we did provide to move them. This has a very important bearing on the item we are going to discuss next, namely that having to do with the Prairie Farm Assistance Act.

Many persons have made representations to me to the effect that we should enlarge the Prairie Farm Assistance Act to take in every individual on an individual basis. The reason we did not do that from the beginning, was that under this act we have provided for financing an individual when moving off submarginal lands. We did not wish, under another act, to finance his staying there. In other words if you have four or five individuals in the middle of a township, where everyone else is getting by under the same weather conditions, it would appear to us that to assist that small group of individuals to remain in the area would mean that we would be assisting people, in many instances, to remain on submarginal lands. And so we suggest that the assistance we ought to give to that type of individual is assistance to him to move away from there and to go on better lands. We applied that principle under this act, and we have moved a great many people out of Saskatchewan, or off some lands in Saskatchewan, to other lands. I can look up the exact figures if they are required.

Mr. DIEFENBAKER: About how many?

Mr. GARDINER: I think that will be found in the report the hon. member has in his hand. My memory is that we moved about a thousand families. We are carrying on on that basis in Saskatchewan.

In Alberta we have agreed to enter into an arrangement under which we have control of the lands over a twenty-year period. But up to date the Alberta government has not signed that arrangement. For that reason we have not been able to form what are known as community pastures in that province. In Manitoba, where the situation is not quite the same, there are very few of these areas upon which people are located that could be organized into pastures, and where there is any considerable amount of government-owned land. We have there entered into arrangements under which we have assisted in organizing very much smaller pastures than are found in Saskatchewan. Most of those have been taken over for operation by the municipalities. That is, we have not taken actual ownership of the lands. We have taken some control for a period of time, and, having made capital expenditures, in some cases we have turned the administration back to the municipalities for purposes of operation.

We have different methods in the different places in which we are operating. Our general desire is to get people off the submarginal lands. There is legislation in each of the provinces dealing with submarginal lands. In Saskatchewan, under certain legislation in that province, they designate certain lands as submarginal. We deal with those lands on the basis upon which they have been designated. In other words, it must be a matter of cooperation between the federal and provincial governments, when lands are under the control of the province. But the basic principle underlying our desire is that if we are going to take land and fence it into large pastures, we build fences which will be good for at least twenty years, we put grass on those lands, and also supply breeding stock. We put sires in the pastures so that there will be good stock. We ought to have ownership of those lands to prevent someone from coming back when prices are high and conditions particularly good and starting in on those farms again. We wished to make resettlement permanent.

As to the other suggestion, I doubt very much if the hon. member for Lake Centre can quote me at any time as having said anything different from what he has just read from the report. I have never been one who believed that the depression in Canada was or could have been caused by any government in this country. That is one reason I am not in favour of the C.C.F. policy. I do not think it can be corrected inside this country. I think when we talk about the depression which existed in the thirties as being something which we ourselves could correct, without any consideration being given at all to what happened outside of Canada, we are approaching it from an entirely wrong angle. I still think the way our problem can be solved here is by having conditions both inside and outside Canada under which we are prepared to exchange our products very freely. That of course depends upon our being able to find markets somewhere else for the products we produce here in surplus quantities. When we are not able to do that, as we were not during the time referred to, difficulties arise. I think it is in the report to which reference has been made that one of the causes of our not being able to do that was that restrictions were placed upon the shipments of our products into other countries, as a result of the desire to increase the production of the same products in those countries.

Mr. KUHL: What about the home market?

Mr. GARDINER: My friends over there would like to force 560,000,000 bushels of wheat and 800,000,000 pounds of bacon and ham down the throats of 12,000,000 people, and it just cannot be done. We have to be able to find other people who are prepared to eat some of it. That of course is what we desire to do under those circumstances.

All this, however, is aside from the matter now under discussion. The position is that under rehabilitation we are attempting to get submarginal lands out of cultivation, and making a further attempt to keep them out. We must have a certain amount of cooperation both from provincial governments and from individuals on the lands, if that is to be accomplished. In some cases we require the cooperation of municipal councils. I must say that in a very large degree we have had cooperation from all those sources. Because of that cooperation we have been able to accomplish something in connection with the rehabilitation of that country.

Mr. DIEFENBAKER: Has the department any scheme for the use of submarginal lands other than the establishment of pastures and reseeding in grasses?

Mr. GARDINER: There are some lands which would be considered submarginal in relation to the growing of wheat, let us say, which would not be submarginal in relation to the growing of other crops. The best illustration of that, one which would be best understood by hon. members in all parts of the house and from all parts of Canada, would be that area in which tobacco is grown to a very considerable extent in southwestern Ontario. There is a section there which at one time would have been classed as submarginal, and to-day it is perhaps the most valuable land in Canada because they are able to grow tobacco on it. There are other lands elsewhere of the same character. I know of a farm in Saskatchewan, a quarter-section, which was homesteaded by a man who went almost bankrupt. I do not know whether he came from Prince Edward Island or one of the other maritimes, but in any case he knew how to grow potatoes. He put in about fifteen or twenty acres of potatoes on this farm, which was located about fifty miles from Regina. Within a very few years he was able not only to get out of bankruptcy but to retire in Regina, and he has lived there ever since. That land would be considered as submarginal if you were going to grow wheat on it, but it could grow another product and make considerable money for the owner.

I realize there is another factor involved in this. If all the land of that type in Saskatchewan were put into potatoes, everyone would go broke trying to grow potatoes. A few individuals can become fairly wealthy producing a product as long as too many do not go into the production. There are many things involved in grading land as submarginal. The location is one—where it is in relation to a city or in relation to some other market. However, generally speaking, submarginal land is that light, sandy land found in many sections of the country, or land that is so polluted with alkali that it is not suitable for the growing of ordinary crops.

Mr. RICKARD: Mr. Chairman, it is my intention to say only a few words. I have been very much interested in the discussion that has taken place to-day. This has been an innings for western Canada. I was glad to hear the praise given to the minister by members of different parties. He surely must be popular in Saskatchewan by now.

He has been very generous to the west, but he has also been generous to the east. I believe he is just as much interested in the east as he is in the west. He tries to do everything he can as Minister of Agriculture for the benefit of Canada as a whole. The hon. member for Lake Centre I believe suggested that perhaps we in the east did not appreciate what is being done for the west. I think we do. I do not think there is any person who gives more support to proposals brought forward for the west than the eastern member. We have sat here and seen millions and millions of dollars provided for the west in one way or another. I think it is all right, but we want to know that the money is being well spent.

We are not trying to deprive the west of anything they should have. I believe these dugouts and irrigation schemes are necessary and no doubt there will be good returns to the country. But, as I said before, we like to know that the money is being well spent. We are paying our share of what is paid out from the dominion treasury for all these things, but if we get results that is all we can ask for. I do not want the impression to go out that we are not in favour of backing the west in everything that is feasible, but I would like to ask western members to support the eastern members in some of the things that we think we should have. They may have an opportunity to do this before the session is over.

Mr. MacNICOL: Mr. Chairman, I should like to say a word or two before the item passes. I do hope the minister will listen to my suggestion in reference to a programme of water supply for the western cities. I want to thank the hon. member for Regina City for what he said, as well as the hon. member for Lake Centre; they have both been exceptionally kind. I am sure the minister will give me credit for putting what I have said above politics. I could not possibly bring such an important matter down to the level of politics. When I spoke about the Regina water supply,

I did so from personal knowledge and the minister knows I am right. The Regina *Leader-Post* of July 13, 1944, contained a report of a statement by Mr. J. W. D. Farrell, superintendent of waterworks, Regina. It reads:

Mr. Farrell pointed out that the present developed water supply for Regina is around 5,500,000 gallons per day. Under present conditions the supply is sufficient to meet consumption needs—

He means by that the present consumption needs of Regina.

—but this may not be so as time goes on. Regina now has a population of 60,000 persons, and its average daily consumption of water is 4,500,000 gallons.

On the basis of a population of 60,000 that works out at 75 gallons per day per capita. They can get by with that under present conditions.

If the city were to grow to 70,000 or possibly 80,000 people—

There is no reason why it should not go to double that number if it gets the programme that I have advocated. I believe the minister is one hundred per cent behind the programme.

—there is no guarantee that the present supply system would be able to look after the increased water demand.

He is quite right. The engineer knows that it would not begin to look after it. With a population of 80,000 people, it would mean that there would be only 70 gallons per day per person.

The superintendent said that when the city developed its three present supply sources—at Mound Springs, Boggy Creek and Mallory Springs—the water "simply oozed out of the ground, it was that plentiful." That condition does not exist to-day. It appears now that the long-time storage in the ground has been somewhat depleted.

Any one who is an engineer and knows anything about water appreciates how water resources will decrease, and the engineer is right.

It was imperative that the water issue be kept alive, Mr. Farrell said—

That is what I have been trying to do, and I hope I have the minister with me. I will support him as strongly as I can in any programme to provide the capacity which he determines is sufficient to furnish ample water for these cities. I will read that sentence again:

It was imperative that the water issue be kept alive, Mr. Farrel said, for there is no telling when Regina may need additional supply sources.

I have no comment to make on what the hon. member for Regina City said. I was an industrialist and I do know something about business. I, and I know there are many others, would like to see industries started in the west. I believe industries should be started there, but as the hon. member for Regina City said, the present supply of water is only eighty gallons per capita per day. That bears out what the city engineer said. But, Mr. Chairman—and more particularly Mr. Minister, because I want to stay with him just as I want him to stay with me—the average per capita consumption in Ottawa is 117 gallons per day. That is fifty per cent more than the present average in Regina. Bring the average water gallonage in Regina and Moose Jaw up to the Ottawa average. Why should not Regina and Moose Jaw have as high an average as Ottawa? I do not want anything that the member for Regina City said—I thank him for what he said about me personally, although that is neither here nor there—to detract the minister's attention from the absolute necessity, according to the figures of the hon. member, of bringing the average in Regina and Moose Jaw up by at least fifty per cent. Bring it up to 117 gallons per capita per day.

I have tried, and I intend to continue trying, to keep this matter on a higher plane than politics. This country has been cursed with politics. Let us get on a higher plane than that. The minister can count upon me as a supporter of any programme for providing an ample water supply for western Canada if he brings in a programme that is big enough to do it. But I shall not be a supporter if he is satisfied that 80 gallons per capita per day is enough for the people of Regina. They can get by with that, but that is not what they should have.

Mr. GARDINER: Just in conclusion on this point, let me say that I was for five years minister in charge of labour and industry in Saskatchewan, and during that period we went into all these matters having to do with the water supply of Regina and other cities and the requirements of industry. We all appreciate, and I do particularly myself, the manner in which the member for Davenport has tried to picture to the eastern part of Canada the possibilities of western Canada. With regard to the programme that is now presented, at the start of the war we were embarking upon a much larger programme than this. Our vote then for this kind of work was fifty per cent higher than it is to-day. We are spending a considerable part of our vote to-day on engineering work with regard to the larger projects, and we have, I would not say complete information, but very full information with regard to all these larger projects. We

hope that immediately the money is available when this war comes to an end, very much larger sums will be available for expenditures through the P.F.R.A. or perhaps through one of the new departments or otherwise.

Mr. MacNICOL: Or by special appropriation.

Mr. GARDINER: However the money is expended and by whosover it may be spent, we are gathering the information necessary to lay the foundation for that expenditure. The money expended now is being used to a very considerable extent for that purpose.

When Mr. Spence was here a year ago he outlined before the reconstruction committee a water supply programme that would cost $111,000,000. While we have not detailed information we have very full information to place in the hands of the officials of P.F.R.A., whoever may be there, two years or five years hence, so that they can go right ahead with these projects when the money is available. But I would like to emphasize what was said by the member for Lake Centre. When that figure of $111,000,000 was given before the committee, I immediately sent for Mr. Spence because I saw the headlines in the papers the next morning that it had been suggested that we spend $111,000,000 on irrigation in western Canada, and I know from experience that you can scare people. I also know that you cannot spend $111,000,000 on this kind of work in western Canada in one year.

Mr. MacNICOL: Was not his a long term programme?

Mr. GARDINER: It came out in the press as an expenditure of $111,000,000, and I asked Mr. Spence to go back before the committee and enlarge upon his proposals. It is a programme that ought to be spread over a number of years. You simply cannot start out with the idea that you are going to spend all that amount of money in the first or second year after the war. We are gathering information that will cover a programme of at least $100,000,000 of expenditure. But of course how fast we can go will depend entirely upon how many other programmes are being gone on with in Canada at that time and what the labour conditions are. I can assure the member for Davenport that we cannot go faster than I would want to go. I do not imagine that I shall be able to persuade a government, if I happen to be a member of the government at that time, to go as fast as I would want to go. I can assure him there will be no holding back as far as I am concerned. I would like to see the whole job done at the earliest possible day, and I think every western member and every member from eastern Canada who understands the situation feels the same way about it, no matter to which party he belongs. I feel also that when the time comes there will be a membership of this house, no matter who happens to be in control of the government, which will hold that same point of view.

Mr. CASTLEDEN: Would the minister place on record the number of community pastures in Saskatchewan in 1941, 1942 and 1943, giving the acreage and the number of stock kept in each of these areas? Would he also state his programme for community pastures in 1944?

Mr. GARDINER: I had perhaps better give the total figures for Saskatchewan and Manitoba. There are only four community pastures in Manitoba, and they are small in acreage compared to the others. They do not change the picture very much. The total acreage at the end of 1943 was 1,268,148. That is the entire pasturage acreage from 1937, when the policy was brought in. The total carrying capacity is 41,455 head. We estimate what the carrying capacity of a pasturage is and then cut that down by a certain percentage to allow some leeway for other persons who want to come in and for those who want to increase their herds. The number of cattle carried in 1943 was 38,821: the number of horses 13,104; the number of sheep 12,734. The cost of operation was $108,348.66 and the revenue $111,119.75. The surplus was $12,473.39. That is the accumulated surplus. Some had small deficits and some has surpluses. The accumulated deficit was $9,718.30.

I would say to the member for Brant in connection with what he said about a revolving fund, that here is a case where the amount coming in is just about the same as the amount going out.

Mr. CASTLEDEN: Were there any pastures which were not being used—in which there were no stock—in 1943?

Mr. GARDINER: Only those, I think, which were still under construction. I notice that all those recorded here—and there is a page of them—have stock in them.

Mr. HANSELL: I do not rise at this time to make a speech. I only want to ask the minister a question, based upon a remark he made a few moments ago when he was describing the relationship between the bygone depression and the Prairie Farm Rehabilitation Act; at least what he was trying to establish was that one was in no way responsible for the other. I think I would agree with him on that. The period of depression which we experienced some years ago was a business depression, not one of production. He said

that no government could solve that problem, that no government would have an answer to that.

Mr. GARDINER: They might have an answer, but they might not be able to solve it themselves.

Mr. HANSELL: That reasoning does not quite add up in my mind; it may do so in the minister's mind. In making his argument the minister went on to say, at least as I understood him, that there was only one solution, namely, that we had to find foreign markets for our goods. I want to ask him one question, and I do not want him to take half an hour to answer it; it can be answered in a very few minutes if the minister has the answer to it. If the question were asked me I could answer it in thirty seconds.

Mr. GARDINER: Well, you answer it and then I won't need to.

Mr. HANSELL: I want to get the minister's answer, because this is the position. The government is going to bid for power to run this country, perhaps this fall. I fancy that for a good many years hence they will be still bidding for power to run this country. I ask the minister this one question; I asked it of the Prime Minister the other day in another debate, but I did not expect an answer because we were not in committee. Supposing his government finds itself in a position where Canada has produced all that it needs to produce, that goods begin to pile up and men are laid off and an unemployment problem exists; we have the goods, we have unemployment. Supposing the government cannot get these foreign markets, how would the minister solve that problem?

Mr. GARDINER: I will answer that question in as near to thirty seconds as I can. I am bringing down a bill to-morrow which in so far as agricultural products are concerned is intended to deal with the matter for some time to come, in any event.

Mr. PERLEY: I have not been able to follow all the discussions or hear all the questions which have been asked the minister on this item this afternoon, since I have been trying to keep in touch with another committee. I can assure you, Mr. Chairman, there is a very interesting situation in that committee this afternoon, and they are now getting down to a little action.

Mr. REID: Are they making progress?

Mr. PERLEY: I understand that the minister in reply to the hon. member for Lake Centre admitted that the low prices prevailing in respect of farm products, more particularly from 1930 to 1935, resulted from a world condition, including the operation of tariffs in other countries. Maybe he is right to a certain extent.

I had something to do with the act when it was first passed. The main purpose was to provide for the development of water projects, by way of dugouts and otherwise, to benefit certain areas, particularly in Saskatchewan, which were in need of water as a result of drought conditions which had continued for year after year. That was the main purpose of the legislation. Since 1936 or 1937 this branch of the department has developed to very great importance and many other projects have been undertaken, with whose utility I certainly agree.

No government can see eight or ten years ahead. Bills pass which within two years, it is seen, can be improved upon and their operations extended. That has taken place in connection with this branch, and in many respects the minister is to be commended for what has been done.

I do not believe, however, it was ever intended that under this branch there should be undertaken some of the larger projects which were spoken of yesterday evening and to-day, namely, to provide water for cities, and matters of this kind. I think such work should be undertaken under another vote and, perhaps, not under the control of this branch.

In looking over this report I find that a number of different projects have been undertaken, upon which the minister has given a good deal of information. The projects of community pastures were being discussed as I came into the chamber. I note that sixty-three were in operation in 1942-43, and the minister has informed us that the number has increased, and has stated the acreage. It is one project which I think is worth while, especially in sections of the province where stock is available within a reasonable distance to be pastured or cared for. In certain sections, including the district which I happen to represent, this provision is not needed, because we have water within reasonable distance for anyone who wants to go into the stock raising business.

I notice that there is a land settlement branch under whose direction settlers are moved from areas where adequate crops cannot be raised, and established in other districts. Perhaps the minister will give us some information with respect to that.

Mr. GARDINER: I dealt with that in reply to the hon. member for Lake Centre. About a thousand families were moved.

Mr. PERLEY: I can look up the information in *Hansard*; I will not ask the minister to repeat his reply.

One complaint which I should make, although I am not going to be unfair about it, relates to the staff. If one consults the auditor general's report he will find that this branch contains 280 employees, of whom twenty-six receive an annual salary of more than $2,000 each. Twenty-five men in this branch get over $2,000 in salary and some are getting as much as $6,000. Mr. Spence, the man in charge gets that amount. When we consider the number of employees and their salaries as set out in the auditor general's report I think the minister should give us information with respect to the number of employees that are engaged on this work at the present time and whether there are as many there now as the auditor general shows in his report at page A-38. This report shows that there were 281 employees. Is there any increase in that number; if so, would the minister tell us how many more pastures and dugouts will be constructed this year? Is the increase in the number of employees comparable with the increase in the work that is being done?

Mr. GARDINER: So far as the permanent staff is concerned it is reduced to some extent, not so much as a matter of choice but because of existing conditions. As I explained when I was before the committee last, we have quite a number of men engaged on a daily wage basis. It is that figure which changes most from time to time; that is, we have not very many in the winter time, but we have a considerable number in the summer time. If we keep that fact in mind, the staffs, as at March 31, 1944, were as follows: Ottawa, six; Manitoba, thirty-six; Saskatchewan, 238. It will be remembered that the head office is in Regina, and the Swift Current farm does considerable work in connection with it. The staff in Alberta was fifty-one. That makes a grand total of 381. We now come to the technical staff. The total number of graduates is fifty-two; non-graduates, seventy. They would all be either graduate or non-graduate engineers. The clerical staff is forty-one. It will be noted that most of the engineering staff are men who will be out for a considerable part of the time. The unclassified or year-round total number is ninety-three; seasonal, 126. There were employees there on March 31 who would not be on for the full year, 126 of them. When you come to June 30, which would be about our peak in any season, and go over the same list you find the following: Ottawa, six, the same number; Manitoba, seventy-seven; Saskatchewan, 551; Alberta, 117; total, 751. The graduates under technical services total sixty-six; non-graduates, sixty-eight. The non-graduates are slightly lower than they were, two below; clerical staff, forty-seven; year-round staff, 102, and the seasonal staff, 468. That makes a grand total of 751. It will be noted that the greater part of the increase in seasonal employees is 350 in Saskatchewan; but one has to remember that practically all of the pasture work is in Saskatchewan and that extensions are being made this year to two different pastures. There were two new ones under construction and there were two that were being completed in Manitoba. The others were in Saskatchewan; four in Saskatchewan and two in Manitoba.

Mr. PERLEY: Community pastures?

Mr. GARDINER: Yes. Two of those are extensions to pastures already in existence, and one is a new pasture of the ordinary type. The other one, the Sterling ranch, is a smaller one that we are providing for the purpose of handling the bulls that we use in connection with the breeding of stock in the summer time.

Mr. PERLEY: What was the first one you gave?

Mr. GARDINER: Local improvement district 21, an extension Excel rural municipality 71 is also an extension. The new one that is being built is Hillsborough rural municipality 289. The two in Manitoba are Woodlands and Ellice. The Sterling ranch is a ranch down south of Shaunavon in Saskatchewan.

Mr. PERLEY: Would the minister give us the number of dugouts and water projects that have been undertaken and tell us if there is an increase?

Mr. GARDINER: The figure I gave the last time I was before the committee was 1,308 for two years ago, and for last year a little over 1,400.

Mr. PERLEY: That is in the report. Do you expect an increase this year?

Mr. GARDINER: I said last time that as near as I could get to it the same amount of money is being expended with probably $30,000 added. We are trying to find $30,000 out of our other items in order to increase that sum, but we are attempting to construct about the same number, about 1,400 or 1,500.

Mr. PERLEY: Do I understand that the staff has increased from the figure given here, 281, to the number just given, 700 and some odd?

Mr. GARDINER: Between March and June, and the increase is made up of practically all labourers on the pastures.

Mr. PERLEY: Most of them are the same positions as those recorded in the auditor general's report?

Mr. GARDINER: I am not sure without going over it carefully. It would depend on the time of the year, if you want to compare the figures.

Mr. PERLEY: Give us the figures for last year.

Mr. GARDINER: The figures that would be comparable would be all of those except the seasonal ones. If you leave out the 126 on the first list and the 468 on the other list you will have the year-round employees in the other for figures, the fifty-two graduates, the seventy non-graduates, the forty-one clerical and the ninety-two year-round staff.

Mr. PERLEY: Really the increase is the difference between 126—

Mr. GARDINER: That makes 255 employees at the first of March. That is a decrease from the 281. Then in the next list we have fifty-six graduates, sixty-eight non-graduates, forty-seven clerical and 102 year-round, making a total of 293. That is slightly above the figures you have there. Our figure would be a little higher this year than it was a year ago.

Mr. DIEFENBAKER: I should like to ask a question based on an application by the town of Lumsden requesting certain expenditures from this vote for repairs of a dike. I do not often bring up individual cases, but this seems to be a proper one having regard to the changes that were made at Craven in connection with the Long lake development. I should like a report from the minister as to what has been done in connection with the request made by that town.

Mr. GARDINER: I am not in a position to deal with the exact request that was made, but I know some of the circumstances. This morning I think I mentioned the fact that water flows into Long lake early in the season and fills it up, and some years it flows out again after it has reached a certain level. There have been times when Lumsden has been flooded. We hope to be able to control that situation to a certain extent by keeping water back in Buffalo lake, further west, and letting it come down later on in the year. We have built a dike across the south end of Long lake and in that dike we have placed a cement structure to control the water flowing in and out. Not everyone agrees with what the engineers hope will happen in connection with that work. As a matter of fact we have found obstructions there, probably not the dam but rather the silting up of the ditch which runs from the Qu'Appelle river into Long lake, and which has been there for a long time. The water does not flow in through the old, original, natural creek; it flows through a ditch dug many years ago, and we put in a cement structure to control it. Some people think the engineers did not put the bottom of that structure down low enough, and that as a result it has something to do with obstructing the water getting in. In order to satisfy them, I think it was last spring we opened a certain part of that dike to let in more water, in order to raise the level of the lake much higher than it would otherwise have been. I am not certain as to what has happened since that time, whether they are replacing the dike or widening the opening still further, or just what they are doing. However, the engineers are reporting continuously on the matter and some work is being done, although I am not clear as to just what it is.

Mr. DIEFENBAKER: I appreciate the work that has been done on the south side of the lake, and understand generally the plan the engineers are following. What I had in mind particularly was the request of the town of Lumsden.

Mr. GARDINER: Have you the request there, and, if so, would you read it?

Mr. DIEFENBAKER: The matter has been brought up on two or three occasions, and an application was made directly to the Regina district office. The request is that the department bear a share of the cost of repairs to the dike on the south side of the Qu'Appelle river where it passes through Lumsden. When the dike was constructed in 1929 the federal Department of Public Works bore seventy-five per cent of the cost. The dike was constructed of earth, and a section beginning near Lake street and extending a short distance on James street was constructed of planking bolted to piling. It was thought this would last for a considerable length of time; I believe the estimate was twenty years, but as a result of the change in the flow of water consequent upon the development work which took place last year, damage occurred thereto. The result is that the dike became in dangerous condition. The request is that the town should not be held responsible for the repairs to this dike when those repairs are made necessary by the changes which have taken place in the engineering

work near Craven, at the south end of Long lake. A considerable amount of work will be required to fix up this dike, and I think it might very well be included as part of the expenditure necessary for the maintenance of a proper level in Long lake.

In that connection let me say that the engineering work which has been done there is very important. The level of the lake is rising, as the minister has stated, and the work has been worth while in the preservation of the levels in that outstanding body of water. I ask that consideration be given the request of the town of Lumsden. That municipality is not pressing for any unfair consideration, and it seems to me their request is a reasonable one.

Mr. GARDINER: All I can say is that I will check into the matter very carefully and take it up with the staff at Regina. I can assure the hon. member that if on investigation it is found that anything we are doing has contributed to the difficulties which are being experienced in Lumsden, in circumstances of that kind we do take care of at least some of the cost.

Mr. BURTON: Has the minister any knowledge of the number of municipalities that have been endeavouring to secure suitable equipment for the construction of dugouts? I know that quite a few have endeavoured to obtain that equipment but, owing to war-time regulations and restrictions, have found it impossible to do so. Now that the Alaska highway has been completed and work has been finished on the airports, one would expect some of this machinery to be available to these municipalities. They would like this machinery both for putting in dugouts for the benefit of their ratepayers and for road construction work.

Mr. GARDINER: I am not in a position to state the number, but I know that quite a few municipalities have asked us to assist them in getting this equipment. We have referred all these requests to Mr. Bloom, who is in the office of the controller, where I think they have met with sympathetic consideration. This does not mean that they can all get equipment. One of the reasons for the lessening in the number of applications is the fact that our money is running out. Early in the season applications came in from municipalities which wanted to construct dugouts. Contractors who have pretty well completed their other work, of the kind mentioned by the hon. member, have come in and constructed a number, and in addition some municipalities have been able to get equipment. In that way we have used up all the money available for this year, so that there is not the same demand now for additional equipment.

Item agreed to.

30. Prairie Farm Assistance Act, administration, $250,000.

Mr. CASTLEDEN: I want to draw the attention of the minister to the particular case of a township which last year made application for the bonus. I am referring to township 27, range 19, west of the second. The first inspection was made last fall during harvesting operations, while many of the farmers themselves were away and a good deal of the grain, having been combined, was in piles in the fields. Those were the conditions under which the first inspection was made, and I believe at that time the dockage was estimated at about five per cent. Later, when the farmers hauled in their grain, the dockage was found to be about fifteen per cent, and the figures shown in the permit books in regard to dockage were much higher. Then they went through and made another survey; the chief inspector, I believe it was Mr. Scott, was sent out. My information is to the effect that his report showed that production for that township was less than eight bushels per acre. The producers in that area have been doing their very best to get fair play under the existing set-up, but in spite of the fact that the chief inspector's report showed that they came within the bonus area, they have been told that they do not qualify. Is there any way whereby further appeals can be made; what tribunal can they apply to for a further consideration of their plea? The producers have gone about this matter methodically. They have done considerable work themselves by way of making surveys, and they feel they have been discriminated against. What can be done?

Mr. GARDINER: The practice followed is that inspectors go out and make inspections. If there is no question that they are under eight bushels, it is passed. But in cases where there is any question, they all go to the board. This is a board of three members, the chairman of which is Professor MacEwen of Saskatchewan agricultural college. Then there is Mr. Stevenson, who is here at the table with me. The third representative is really named by the Department of Finance, and at the present time is Mr. Holmes of Saskatoon.

Those three men are the board, and all questionable cases are referred to them. They are the board to whom final appeal is made; there is on appeal beyond them. In this particular case, however, as has been said there

have been two inspections. One of them was made in the summer months and the other in February. One can understand why it is much more difficult to make a proper inspection in February than it is in the summer, at the time the crop is growing.

Mr. CASTLEDEN: In some respects, yes.

Mr. GARDINER: Yes, in some respects. The second report made would indicate, if one takes the figures obtained at that time, that it would be slightly under eight bushels. The other figure, which was taken when they thought all the facts were available, showed over eight bushels. This matter has been before the board three times, and each time the board has refused to pass it. There is only one way whereby any recourse can be had. The board has final authority, and the only action that can be taken is to have the matter reconsidered by the board. That is all that can be done.

Mr. CASTLEDEN: Were all members of the board present in each of the three reviews?

Mr. GARDINER: The second time only two were present, but I understand they were all present the last time. The two western members considered it the first time.

Mr. CASTLEDEN: Nothing further can be done; that would be the position?

Mr. GARDINER: Nothing more than make an appeal to the board, and I do not imagine, after the board have considered it three times, they would be very anxious to consider it again.

Mr. HANSELL: I should like to ask a question with respect to the regulations governing rectangular plots within a township accepted for benefits under this act. I know the government has made the regulation with a view to taking in certain areas in a township, where perhaps the whole township may not get the average crop required to meet the conditions in the regulations. I think that was a good move, but it does complicate matters to some extent.

I shall explain to the minister what I mean. I have in mind a case where all the sections coming down the side of one township are not in a position to receive benefits from the drought bonus. All the other sections in the township, because that particular block went below the average, receive the benefit of the bonus.

The condition which has arisen is this. One man whose property is in a section bordering on the block that gets the benefits had only six and a half bushels to the acre in the last year's crop. However, his neighbour, who is within the block which receives the benefit, had an average crop greater than did this man in question. I can understand the government's policy, with respect to their not being able to deal with every case on its individual merits, but one can hardly explain that to a farmer who finds that his neighbour gets a higher average on his crop.

Mr. GARDINER: Is that a wheat crop?

Mr. HANSELL: Yes, a wheat crop. The one man receives the benefits of the bonus, while the other, who has a smaller crop than his neighbour, is ruled out because he does not come within the specified rectangular block. Could the minister change the regulations in some way so that that peculiarity would not exist? I believe that the minister would agree it is unfair, and that the regulations should be changed to meet circumstances of that kind.

Mr. BURTON: Before the minister replies I should like to place on record a similar example. Before doing so, however, I would say that while listening to the minister's explanation I noted that he made the remark, when another item was under discussion, that we were paying money to some people to get them out of submarginal areas, and that consequently it was not deemed advisable to pay them money to remain on submarginal lands. I appreciate that explanation, and it covers the situation very nicely. Yet at the same time it does not cover problems such as described by the hon. member for Macleod, nor does it cover problems such as I shall now draw to the minister's attention. In the past I have noticed a number of similar cases.

In township 37, range 24, in the municipality in which I live, they had a low yield; yet that township cannot be considered submarginal land. Over a period of years they had produced in that township very good crops. This year, with the exception of about two sections in one corner of the township, they had poor crops. In that corner they had one or two fairly heavy showers. The farmers in that corner of the township were not better farmers than those in the remainder, but the showers had helped them out. It was found at a later time that the township was slightly over eight bushels to the acre. The question still remains in the minds of many people in that township as to whether the actual returns from those two sections were as large as had been reported.

Leaving that aside, however, the fact is that the yield in the rest of the township was away below eight bushels to the acre. What these people wanted to do was to have the remainder of the township, less those two sections, blocked

over to an area which was already entitled to receive assistance. They were informed, however, that that could not be done. I believe that about one-third of the township west of this area was permitted to block itself with the township lying to the south. That is, they were in range 25. It was township 36 which was entitled to receive the assistance, and the department allowed township 37, range 25, to block a certain area over to 36. But when the people of township 37, range 24, wanted to block their territory over to another township they were told that, under the act, that could not be done.

It is difficult for people to understand why they cannot receive any benefit from this plan, simply because one corner of the township happens to be a few bushels over. They do not understand how this plan is going to help them, and other townships which have been paying into the fund right along. Then, when they see their neighbouring township blocked in with another township receiving assistance, they cannot understand why they are refused that assistance. I wrote to the minister about this case, but both he and I have been on a rather long journey since. I have not received any reply and I was just wondering whether he got my letter.

Mr. GARDINER: The reason why I have not replied is that I have made a test case out of this one and have submitted it to the justice department. They gave me one reply, but I was not satisfied with it and I sent the case back to them. I did not want to reply to the hon. member until I was sure of what I was talking about. We said that if a block of townships or even one township were already under the act and there were at least nine sections which were lying alongside and which were rectangular in shape that could qualify, they could be declared in. That is what happened in connection with this township. It was taken in and we took in nine or more sections of the next township.

The other group of sections the hon. member is speaking about were over in the next range. I am not a lawyer and I certainly am not a constitutional lawyer. According to the act the minister is to make the payments, although they are made according to the method we have been discussing here. However, the act states that the minister has authority to make payments. The only way I can make payments under the wording of the act is to make them to those townships where it is admitted that payments can be made.

I contend that I am only able to make payments in a township such as that even when only part of it is considered as being in, if it is declared a township. I contend also that the other township lying alongside should be able to get in because it is alongside one declared in. If I am right, the act will not need any amendment in order to get the decision desired here. If I am wrong, the act will require some amendment in order to have that decision given. I am not in position now to make a reply, but I hope to be in a short time.

The other question raised by the hon. member for Macleod is one that has been before us ever since the act was first drawn. It would not make any difference whether such a farm was on one of those borderlines, that is between a township and the adjoining nine sections, on the borderline of a township that is in and a township that is completely out. You will find farmers on one side of the road who have yields under eight bushels to the acre, and farmers on the other side whose yields are above eight bushels to the acre. But there is one thing that we should not lose sight of. We are not paying on wheat. This has nothing to do with wheat as such. We simply use wheat as a barometer to find out what the weather is like in a particular district.

A farmer on one side of the road may have wheat that runs twenty bushels to the acre, while a farmer on the other side may be getting only five bushels to the acre. This may be due entirely to the fact that one man's wheat was on spring ploughing, while he had put his coarse grains on summer-fallow, whereas the man across the road put his wheat on summer-fallow. If you are going to determine whether or not both men are in exactly the same position you would have to take a complete record of everything that had been produced on the farms; you would require to have a complete record of the operations of both men in live stock, coarse grains, vegetables, poultry and everything else.

We took the simpler way. We decided to take a township and allow nine sections in on the border, or take away nine sections in order to get away from any zigzagging lines. It is impossible to determine just because one man had six bushels to the acre and another had four, that one should be in and the other should be out. We have to draw a line somewhere, and no matter how you attempted to draw it you would run into difficulty. You could not have lines running angleways across a man's farm; you have to go up one side and down the other. No matter how you drew the line you would always have some farmers outside who had a lower yield of wheat. However, when you got a few miles away that would be corrected by the fact that they all would have more.

Mr. HANSELL: I expect that I shall have to accept the minister's statement. I agree, of course, that it presents quite a problem, but I suggest that if there is a section or a farm, or whatever size the piece of land may be, that borders upon the nine sections or whatever the rectangular may be, it should receive the benefits provided that the yield is below the minimum. I make that suggestion to the minister and hope that he will take it into consideration. It would not be so bad if all those in the township who were receiving benefits averaged less than the man who was not receiving benefits, but in some cases they average more. I ask the minister to consider my suggestion.

Mr. GERSHAW: I find that most people appreciate this legislation; they find it of great help and they want to see it kept going. However, I also find that a lot of bitterness exists for the reasons that have been mentioned. One man with a yield of nine or ten bushels will be getting the bonus and another fellow with a yield of six, five or even four bushels to the acre cannot get the bonus. I realize that this is not an insurance scheme. If it were, it would be under the province and the premium would be much higher.

I should like to suggest to the minister once more the possibility of having each individual investigated. I know it would be an impossible task to have a special man go out to each farmer in the area, but I was wondering if it would not be possible to get the information from the municipal councils. They usually know the yields. Then investigation could be made of those who were reported by the municipal councils. I have found it impossible to answer a man who says, "Why should I not get the bonus when I have a complete crop failure when some other man with a much larger yield is able to get it?" I am wondering if the minister will not consider this suggestion. I am sure he has considered it already.

Mr. QUELCH: Most of the complaints I get are similar to those which have been enumerated by other hon. members. However, there is another group of farmers who are always penalized under this act. I am referring to the farmer with fairly poor land who lives in a township where the majority of the land is good. Even though such a man has a crop failure he can get no benefits because the average yield of the township is above twelve bushels to the acre. He suffers because the majority of the land is good while his is poor.

I remember that when this question was raised some years ago the minister suggested that it might be possible to define the areas on the basis of soil classification. He said at that time that the department was investigating the question whether it would be possible to define areas on the basis of soil classification rather than on the township basis. Would the minister say whether anything has been done in that regard.

Mr. GARDINER: The greatest difficulty is that you would have to eliminate all submarginal land if we proceeded on the basis my hon. friend suggests.

Mr. QUELCH: I am not referring to submarginal land but simply to lighter land.

Mr. GARDINER: There are different ideas as to submarginal lands. Somebody would have to make up his mind what was to be eliminated. I think the simplest way to eliminate these lands is by the method we are pursuing, to take a block of land and say that if the majority have good crops in that area and there are people in that district who cannot get the average yield there is something wrong with the land or something wrong with the man who is farming it. There is the additional fact that men farm in different ways. A man with live stock is more anxious to grow coarse grains than wheat, and he may put his wheat on land that is not quite so well prepared. He may put his wheat on his spring ploughing, and he may put his coarse grains, in a year that was dry, on his summerfallow in order to make sure that he will have feed grain. The present method makes allowances for all that. I do not see how you could do it in any other way. I have not been able to satisfy myself that any other method would be better.

Mr. QUELCH: Another thing that is giving the department a headache is this question of deciding whether a father and son shall be considered as farming one or two units. I have one or two of these cases. I have not been able to understand the basis for some of the decisions that have been made. In two cases that seem identical you will have a decision in the one case that the farms are two units, and in the other case they will be regarded as one unit.

Mr. GARDINER: Has the hon. member experienced many of these difficulties within the last two months?

Mr. QUELCH: I have two or three cases running around just now.

Mr. GARDINER: The reason why I asked the question is this, that the board has been changed because our recent chairman became organizer for one of the political parties, not the Liberal party. He has gone and we now

have a new chairman. When the new chairman took over, we had a meeting here. I had discovered just before that, that a set of regulations had been drawn up by the old board. They were really interpretations of the regulations and many of them had to do with this father and son question. I took objection to that on the ground that the board were passing regulations that only the governor in council could pass and that the regulations as passed by the governor in council contemplated every case being dealt with separately on its merits. The board was to consider all the facts and then give its decision, and that is the basis on which the new board has been operating. They have reported to me that they are finding it much more satisfactory to take each case separately and deal with it on its merits, go into all the facts and give their decision. All we have in mind is this, that a person must be debarred from trying to make two collections when there ought to be only one. For instance, a man may have 800 acres under cultivation and he may say: If I run this myself I will get one payment up to 200 acres, but if I divide the farm into two farms of 400 acres each, I shall get the bonus twice on the 200 acres. We are trying to eliminate that kind of case. We want to pay the bonus in a bona fide case because our intention is to encourage fathers to turn over their land to their sons when they reach a certain age, rather than have the son working under the father all his lifetime. That is the basis on which we are now proceeding, and I do not think there will be as much difficulty in the future.

Mr. QUELCH: Is there any intention of lowering the age, because boys start farming now at eighteen and in Alberta a young man can vote at nineteen, but here in order to qualify he has to be twenty. I think the age should be lowered to eighteen.

Mr. GARDINER: If they do not live with their parents they can qualify at any age. Twenty is the age when they are living at home.

Mr. QUELCH: It is in those cases that the difficulty arises, when the boy is living with his father. It is hard to decide whether it is two units or one.

Mr. GARDINER: We are considering it continuously, and I am glad to say that my views are similar to those of the hon. gentleman.

Mr. HANSELL: I appreciate very much the kindness and the valuable assistance which the superintendent of the P.F.A.A. in Edmonton has given to me in the past few years. There was a time when I criticized the administration rather harshly. That was when the bonuses were first being paid and the organization had not quite found itself. Things were in rather a muddle then. But since they have become organized I find that the department is quite efficient. Naturally I have not been able to get all I wanted, but they have taken an interest in the cases that I have submitted to them, and while I am handing out bouquets I might also say the same for the minister, who has looked into one or two tough cases for me.

I should like to ask a question in regard to the regulation governing payments in the case of a man who operates a farm, part of which is irrigated. The particular case I have in mind is that of a farmer who has fifty acres of irrigated land and another farm some forty or fifty miles away. Because he has fifty acres of irrigated land on one parcel of land, he cannot get any benefits under the act in respect of his farm that is forty or fifty miles away, even though it would qualify. I would not be so persistent if the farmer who has this irrigated property had had a good crop, but one year it was very dry and the weeds did not come up that year. Next year he put in some flax on those fifty acres of irrigated land. The weeds came up and he had a tough time getting a crop of flax at all. He raised only a very small crop. He naturally expected that his other farm was going to help him out. His other farm went below the required average bushels per acre, but because he had this irrigated land he could get no benefits under the act in respect of the other farm. I am sure that the minister will look into this case if I give him the particulars. This cannot be an isolated case; there must be others similar. Could the minister throw some light on a case of that kind?

Mr. GARDINER: I am told by a member of the board who is here that cases of that kind have not come here. I am told that there are a few cases of that kind in Alberta. The wording of the regulation is, "farm lands operated by a farmer who as owner or tenant also operates more than fifty acres of land which is part of an irrigated system." It would depend entirely on the interpretation placed on the land operated by the farmer. If a man has an irrigated farm and another farm one hundred miles away, let us say, it would be rather a stretch of the imagination to say it was the same farm. Even if it is forty miles or twenty miles it is the same thing. I think if they were just a mile apart, if a man lives a mile away and operates both places from the same buildings, it would be difficult to give it any other interpretation

than the one which is given here. It has not come to my attention on that basis before. I think I had better get a legal opinion on it, and if they adopt that view I would have to have the regulation amended. It is not in the act; it is in the regulations.

Mr. HANSELL: These farms are about fifty miles apart. I can quite understand that if two farms are about a mile or so apart you could use the same equipment on each farm. But this man cannot do that; he cannot haul his equipment every few days about fifty miles. In one letter I received from the department at Edmonton—without mentioning the name of the case—a paragraph reads this way: Mr. So-and-so—

—had a tough break with his flax crop. Nevertheless according to (g) of clause 6 of the act we cannot pay him a P.F.A. claim for 1943.

I can quite understand that he cannot have the benefits of the scheme if he is working one farm and another adjacent to it, if he has irrigated land; but a man who does not get very much income from that irrigated land and has a farm which he has to operate separately some considerable distance away should, it seems to me, have the benefits of the act if that distant farm yields only a small average crop.

Mr. GARDINER: Send the case to me.

Mr. HANSELL: Thank you; I will.

Item agreed to.

31. To provide for wheat acreage reduction payments; for administration expenses in connection therewith, and for temporary appointments that may be required notwithstanding anything contained in the Civil Service Act, $4,265,000.

Mr. GARDINER: That has gone out, anyway, for this year.

Item agreed to.

Progress reported.

WAYS AND MEANS

The house in committee of ways and means, Mr. Golding in the chair.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

CUSTOMS TARIFF

2a. Rabbits, pure bred, for the improvement of stock, under regulations prescribed by the minister: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. GRAYDON: I take it that this item extends to all other breeds of rabbits the same provisions, so far as entry is concerned, as have previously been accorded to the Chinchilla, the Angora and Sable. Is that the idea?

Mr. ILSLEY: Yes; that is the effect of the item.

Mr. GRAYDON: I take it that this does not apply to rabbits imported generally, but only for breeding purposes.

Mr. ILSLEY: Pure-bred rabbits for the improvement of stock.

Item agreed to.

Item 156 agreed to.

158. Methyl alcohol, subject to the provisions of the Excise Act, and regulations, per proof gallon: British preferential tariff, 20 cents; intermediate tariff, 20 cents; general tariff, 20 cents.

Mr. GRAYDON: Are these items bottles? Does that apply only to new stock?

Mr. ILSLEY: There is no change in the bottle item.

Mr. GRAYDON: They are just put in because they are in the item generally?

Mr. ILSLEY: That is right.

Item agreed to.

Items 188, 206c and 216d agreed to.

219a. Non-alcoholic preparations or chemicals for disinfecting, or for preventing, destroying, repelling, or mitigating fungi, weeds, insects, rodents, or other plant or animal pests, n.o.p.:

(i) When in packages not exceeding three pounds each, gross weight: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 25 per cent.

(ii) Otherwise: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 15 per cent.

Mr. ILSLEY: There is an amendment to 219a. The motion will be that the rates of duties of customs set opposite sub-item (ii) of item 219a as contained in resolution No. 2 of June 26, 1944, be amended to read as follows: British preferential tariff, free; intermediate tariff, 7½ per cent: general tariff, 15 per cent.

The goods entitled to entry under 219a (ii) as worded prior to June 27, 1944, were admitted at the Canada-United States trade agreement rate of 7½ per cent. The intermediate tariff rate of fifteen per cent is now reduced to 7½ per cent in order to ensure that

all the goods coming under item 219a (ii), as widened in scope, will be accorded the same tariff treatment.

Mr. GIBSON: I so move.

Amendment agreed to.

Item as amended agreed to.

220. All medicinal and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, filled capsules, tablets, syrups, cordials, bitters, anodymes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, n.o.p.:

(i) When dry: British preferential tariff, 17½ per cent; intermediate tariff, 25 per cent; general tariff, 26 per cent.

(ii) Liquid, when containing not more than two and one-half per cent of proof spirit: British preferential tariff, 20 per cent; intermediate tariff, 40 per cent; general tariff, 40 per cent.

(iii) All others: British preferential tariff, 60 per cent; intermediate tariff, 60 per cent; general tariff, 60 per cent.

Provided that any article in this item containing more than forty per cent of proof spirit shall be rated for duty at, per gallon: British preferential tariff, $3; intermediate tariff, $3; general tariff, $3, and British preferential tariff, 30 per cent; intermediate tariff, 30 per cent; general tariff, 30 per cent.

Provided also, that drugs, pill-mass and preparations, not including pills or medicinal plasters, recognized by the British or United States pharmacopoeia, the Canadian Formulary or the French Codex as officinal, shall not be held to be covered by this item.

Mr. CASTLEDEN: What was the duty on these articles previously under item 220?

Mr. ILSLEY: The same. Item 220 included chemical preparations before. Chemical preparations are now provided for under a separate new item designated as 220a. There is no change in the rates.

Mr. CASTLEDEN: There is no change in the rates?

Mr. ILSLEY: No; it is to take chemicals out.

Item agreed to.

Items 220a, 300, 316a and 326b agreed to.

326h. Fresnel type lenses, sections and globes, of glass: British preferential tariff, free; intermediate tariff, free; general tariff, 30 per cent.

Mr. CASTLEDEN: What is the function of this particular item, and why is thirty per cent placed on the general tariff?

Mr. ILSLEY: There is no change in the rates of duty. It is free under the British preference and free under the intermediate. There is a change in the description of the lenses merely to facilitate administration.

Item agreed to.

Item 356b agreed to.

408. Malleable sprocket chain and link belting chain of iron or steel, including roller chain of all kinds for operating on steel sprockets or gears, when imported by manufacturers of agricultural implements for use exclusively in the manufacture of agricultural implements, in their own factories, under regulations prescribed by the minister: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. MacNICOL: In reference to a lot of the items commencing with 408, I am not going to oppose the proposals, but I should like to ask the minister if any representations have been made by a few dozen or more plants making agricultural implements. Have any or a number of the agricultural implement manufacturers made any representations? Perhaps they have not because the making of the implements free at the moment does not mean very much anyway. They cannot buy them on the other side in any event. I suppose every local manufacturer has his price set to-day and can get almost anything that he wants if he has the implements for sale. After the war, of course, a succeeding government may or may not change this schedule as they see fit. Have any representations been made.

Mr. ILSLEY: I think I am safe in saying that no representations whatever have been made by the agricultural implement companies or by the companies manufacturing parts, except in respect of imports needed in the manufacture of parts. Representations have been made with regard to those.

Mr. MacNICOL: Take a company like the Massey-Harris company. At the moment, apart from making agricultural implements, a large part of their plant is engaged in the making of munitions of war—

Mr. ILSLEY: Yes.

Mr. MacNICOL: —and various parts of war equipment. I presume every other agricultural implement plant is doing the same thing. If they have not made representations it is evidence that they are not interested at the moment.

Mr. ILSLEY: They have not made any to me.

Mr. MACDONALD (Brantford City): There are some representations that I should like to make to the committee in regard to agricultural implements, and probably it would facilitate the work of the committee if I made them all at this time. I referred to the removal of the duty on agricultural implements when the budget was being debated in the house. At that time I said that I could not approve it. I have given the matter careful consideration since, and I am still opposed to the removal of the duty on agricultural implements.

I do not think the committee has taken into consideration the great value that this business industry is to Canada. There are a great many men employed in the manufacture of agricultural implements. My fear is that when the war is over, the removal of the duty might have a detrimental effect on the workers in these factories. I realize that the price of farm implements is of considerable importance to the farmers of the country, but sometimes I think it is overemphasied. Some years ago a paper published in western Canada called the *Norwest Farmer,* after making inquiries, said that a farmer spent only three cents of every dollar on farm implements. Since that time, Mr. Chairman, I have gone over the figures of the 1930 census, and, according to my computation, out of every dollar the Canadian farmer receives he spends 3·3 cents on farm implements. I have a break-down of these amounts, if hon. members of the committee are interested, and I should be glad to place it on *Hansard* with the consent of the committee.

The CHAIRMAN: Has the hon. gentleman the consent of the committee?

Mr. GRAYDON: What is this?

Mr. MACDONALD (Brantford City): The statement shows the gross average income for 1938-40 from the sale of farm produce in Canada, and it shows the total sales of farm machinery during that period.

Mr. REID: What is your authority?

Mr. MACDONALD (Brantford City): I am coming to that. My figures are based on the 1930 census. From the figures obtained at that time I show what has been spent on other goods bought by the farmer. All the goods are not included, so that I have taken some of the items from the United States census. I believe the table will be of benefit to hon. members of the committee. It is as follows:

THE FARM DOLLAR—CANADA

		Per cent
Gross income average 1938/40 (from sale of farm produce)..	$1,170,000,000	100
Farm machinery sales average 1938/40 ...	39,000,000	3·3

Based on Canadian figures

	(1930 census) Per cent		U.S. (1931) Per cent
Farm machinery and repairs	3·3		3·2
Taxes	5		6·7
Rents	1		6
Feed	4		5·9*
Fertilizer	0·7		2·3
Seed	1·5		..
Labour	8		6·5
		23·5	
Based on equivalent U.S. figures			
Interest	10		7·6
Retained on farm for food, feed, seed...	20		14
Food purchased	12		12·5
Clothing purchased..	14		14·1
Miscellaneous family maintenance	10		9·9
Autos and trucks bought and maintained	5		6·7
Miscellaneous operating expenses	5·5		4·6
		76·5	
		100·0	100·0

* (with seed)

Assuming that the average farmer spends $1,000 a year, of which 3·3 per cent is spent on farm implements, it means that he will spend $33.33 annually in this way. But I must remind hon. members that half that amount is spent on tractors, which come into Canada duty free.

Mr. GRAYDON: We do not manufacture any tractors here, as I understand it.

Mr. MACDONALD (Brantford City): That is what I say; all tractors come in duty free. Therefore, of the $33.33 the farmer would spend on farm implements, only half would be spent on implements other than tractors.

Mr. PERLEY: What percentage of his purchases of farm implements are tractors?

Mr. MACDONALD (Brantford City): Practically fifty per cent. So that he would spend only $16.66 out of his $1,000 on implements other than tractors. If we figure the duty of 7½ per cent on $16.66, it comes to exactly

$1.25. So that the removal of this duty on farm implements will save the farmer who spends $1,000 a year a total of $1.25.

Mr. BURTON: In computing his figures did the hon. gentleman also take into consideration the repair parts bought by the farmer?

Mr. MACDONALD (Brantford City): Yes; the figures I have placed on *Hansard* take repair parts into consideration. No one has contested these figures, nor have I seen anything which would suggest that farmers spend more than this amount on farm implements.

Mr. GRAYDON: If that is the case the mountain has laboured and brought forth a mouse, so far as the farmer is concerned.

Mr. MACDONALD (Brantford City): The hon. gentleman may be right. I felt that I should bring this point to the attention of the committee and more particularly to the attention of those hon. gentlemen who believe the removal of this duty will be a great thing for the farmers. If I could help the farmers I would certainly do so, but $1.25 out of every $1,000 they spend is not a very magnanimous gift. The figures I have given are the latest I have been able to obtain. If any hon. member has been able to get other figures I am sure the committee would be glad to have them. Therefore, Mr. Chairman, the removal of this duty will not give the Canadian farmer any greater ability to compete.

What about the worker? If the removal of this duty results in less employment I am afraid the adverse effect on the worker will be much greater than the beneficial effect on the farmer. Farmers are interested in maintaining a healthy home industry, because employment is dependent upon it and employment means an ever-expanding home market for farm products. I believe the farmer is just as much interested as anyone else in having a large home market for his products.

May I also bring to the attention of the committee the fact that all the goods the farmer produces are not on the free list as far as the tariff goes. After listening to discussions in this house one might come to the conclusion that all manufactured goods are protected by high tariffs while farm products have no tariff protection. Let me remind hon. members that a great many farm products have substantial tariff protection. I will not take the time of the committee to mention the duty in each instance, but there is a substantial duty on live cattle, sheep, hogs, fresh beef, lamb, canned meats, baby chicks, bacon and hams, beef in brine, lard, tallow, eggs in shell, cheese, butter, powdered milk and so on. I am quite confident that if many eggs were brought into this country, or if a great deal of butter came here, the very first people who would rise in their places in this house and demand that something be done would be those representing rural constituencies. So that it is not entirely one-sided; there are tariffs on manufactured goods and tariffs on farm products.

My objection to the removal of this duty at this time, however, is rather to the way in which it is being done. As I said during the budget debate there has been virtual agreement among the united nations, although it has not been put in writing, to reduce tariffs after the war by multilateral agreements. In my opinion at all events it is a mistake to adjust tariffs while the present upset economic conditions prevail throughout the world. It is a mistake to adjust tariffs downward without some compensating advantages from other countries with which we are trading. The best example of that is, I think, to be found in the action taken recently by Canada in connection with cream separators. In the United States they have a tariff against us of 12½ per cent on cream separators selling for more than $50. I am not particularly blaming the government in this connection, because apparently the removal of this duty meets with the aproval of all hon. members, and each must accept his share of the responsibility. If this matter had been handled judiciously by parliament, instead of putting cream separators on the free list we could have arranged a saw-off with the United States, so that if their nationals were to be granted the privilege of shipping cream separators into Canada without the payment of duty, Canadian nationals would have a similar privilege. Under the method which has been adopted, however, we have thrown away our bargaining position in that respect.

Mr. LEADER: What about agricultural implements entering the United States from Canada. What duty is there against them?

Mr. MACDONALD (Brantford City): I am discussing cream separators at the moment, and the duty on cream separators selling at more than $50 is 12½ per cent.

Let me now come to the importation of cream separators from the Scandinavian countries. In 1920 some five and a half per cent of all our imports of cream separators came from the Scandinavian countries, but by 1936 those imports had increased to fifty-eight per cent. The point I am making, is that

when duties are removed we should take into consideration labor conditions in the countries from which the goods are likely to flow. In the Scandinavian countries seventy-five per cent of the work is done by female labour at sixteen cents an hour, and twenty-five per cent of it is done by male labour at 31·4 cents an hour, which averages out at 19·50 cents an hour. In Canada the lowest wage is fifty-five cents an hour.

I bring these figures to the attention of the committee so that hon. members will realize how difficult it will be for manufacturers in Canada, paying high wages, to compete with these low-wage countries. Someone may say, "Oh, well, this is not going to have any effect upon the manufacturing of farm implements at the present time." I quite agree with that. In fact, it seems to me that in order to turn out the supplies needed immediately we may have to increase our manufacture of farm implements at this time. But my point is this: What is going to happen when the war is over?

I feel it is unfortunate this action should have been taken now, when the thoughts of all of us are oriented toward making sure that there will be employment for our returning men and for those who have been working in munitions factories. After giving this matter my most careful consideration I cannot help feeling that the removal of duty on farm implements at this time is a step in the wrong direction. If it had to be done, then it should have been brought about by reciprocal agreements with other nations. I am satisfied that before many years have passed it will be found that the removal of the duties has been detrimental to the interests of both the farmers and the workers. For the reasons given, therefore, I cannot support this portion of the resolutions.

Mr. LEADER: I had not intended to speak at this time, but the remarks of my esteemed friend, a gentleman I have grown to like more each year I have sat in the house, have prompted me to add a word or two. The committee will recall that I asked him a question as to the duty on Canadian farm machinery entering the United States.

Mr. MACDONALD (Brantford City): I did not hear it.

Mr. LEADER: I asked the hon. member as to what was the duty on Canadian-made agricultural implements entering the United States.

Mr. MACDONALD (Brantford City): I thought the hon. member was referring to cream separators.

Mr. LEADER: No; the hon. member said that he was talking about cream separators at the time. My impression is that agricultural implements have entered the United States from Canada free of duty for many years.

Mr. MACDONALD (Brantford City): Not cream separators.

Mr. LEADER: I am talking about agricultural machinery.

Mr. MacNICOL: You cannot cut wheat with a cream separator.

Mr. LEADER: I should also like to remind the hon. member, and the Liberal party, to which I am an adherent, if nothing more, that implements free of duty, for farming operations, have formed a part of the Liberal platform ever since 1919. After twenty-five years that promise is being redeemed. And yet the hon. member believes it is a step in the wrong direction.

Well, coming from western Canada, being a farmer and having purchased a considerable amount of machinery for farming—and mostly Canadian machinery at that—I feel that this relief is about due. In my view the duty does mean something to the farmers who have to purchase that machinery. I believe that a monopoly exists in regard to farm machinery, and that removing the duty does not mean anything, so far as prices are concerned, unless some other measure is taken.

I think the hon. member said that it costs about three per cent of the farmer's dollar to maintain machinery, and he challenged anyone in the house to offer figures to controvert that statement. All the hon. member has to do is to look into what the government will lend a veteran who goes to take up land. He will be granted $4,800 to purchase the land, and $1,200 to buy the machinery. The purchase price of the machinery amounts to twenty-five per cent of the total loan. I say from experience that if a man wishes to farm now he will pay approximately fifty per cent for farm machinery and fifty per cent for land. It is a fifty-fifty proposition. To start farming now one would have to lay out as much money for machinery as he would for the land.

Mr. MACDONALD (Brantford City): I was talking about the annual outlay.

Mr. LEADER: Well, of course you cannot farm unless you get started. I am talking about the farmer who wants to get started on the farm, and who will need as much money to equip the farm as to buy the land.

Mr. KNOWLES: You know something about farming.

Mr. LEADER: Well, I am sure if the hon. member for Brantford City does not know as much about farming as I do, he knows far more about most other things.

Mr. MACDONALD (Brantford City): Oh, I would not agree with that.

Mr. LEADER: I have always respected him very much, and I honour him very highly. However, I did not wish to go home to my constituency and tell them that I had sat idly by in the House of Commons while Liberal members, members of the Progressive Conservative party, members of the Cooperative Commonwealth Federation party and members of the Social Credit party had stood up and defended the duties on agricultural machinery. I would not feel that I had done my duty. So that I now rise again to protest against the hon. member's statement that this is a step in the wrong direction. I believe that it is in the right direction, and that it is just overdue by twenty-five years.

Mr. FRASER (Peterborough West): The hon. member for Brantford City mentioned that the duty was being taken off cream separators. I quite agree with what he has said. The removal of this duty is going to make a great difference to workers in Canada after the war is over. The duty being taken off cream separators this year will not save the farmers very much, because there are very few cream separators coming into this country from the United States or any other country. After the war is over I am wondering what the workers in one of the largest cream separator plants in the world—the one in Peterborough—are going to do. They will be out of work. Many of those men and women are buying homes to-day. If they are thrown out of jobs through machinery entering Canada free of duty, machinery which will be coming into Canada from Sweden and from other countries, they will have a just grievance. I hope this measure will be taken off the books next year.

Mr. CHURCH: The policy of the government respecting customs tariff item 409, which is now before us, was set out in the budget speech by the minister. The principle affecting all these agricultural machinery items is the same. The government to-day does not know where it stands. I know that the agricultural implements industry has been contributing a great part to the war effort. I have seen the plants of the Massey-Harris Company in Toronto, which are busy on war work, almost entirely. There are no implements coming into Canada owing to the war, tariff or no tariff.

[Mr. Knowles.]

Whether this item calls for duty, or does not call for it, the fact remains that the policy of the government at the present time in respect of this and following items is simply one of shadow-boxing and mere window-dressing. That is all it is, and with a war on it means nothing. As hon. members know, the government of Sir Wilfrid Laurier and Mr. Fielding dealt with this problem, and adopted a policy of imperial preference. That was followed for some years with our best steady customer, Britain.

Someone may ask what was done at the meeting of Prime Ministers which took place in London, England, in May. We understand that matters of imperial trade, and trade of all kinds, and affecting all classes of materials, were dealt with at that conference and the future of imperial preferences was discussed. I might add that when the Drury government was in office in Ontario some of the same proposals were made with respect to agricultural implements. While he was premier, Mr. Drury came to Ottawa. At that time he headed a so-called farmer-labour government. What did they do? They came here and they addressed Mr. King's cabinet. Mr. Robb was Minister of Finance. They advanced the same proposals, through a brief of the Canadian council of agriculture, for free trade in agricultural implements and all along the line. They said that protection was an unmitigated evil, that they wanted to get a spade to dig and root it out. Protection for this industry was the policy of all governments in the early days of this country to 1921. What did the present government do when they came into office in 1921? They did not reduce tariffs all along the line; they did little or nothing to lower tariffs.

Tariff protection has created work and employment. We have a war on now, and this is just some window-dressing instead of doing something for the farmers on the prairies. The best friends the farmers on the prairies have are the people in the east. I believe in the policy of confederation, each for all and all for each. What is for the benefit of one province is for the benefit of them all. There is a war on; we have had the Ogdensburg agreement and others, and the result of war is that there is very little of this type of agricultural implements being shipped across the border into Canada, and our agricultural industries are converted to other war work accordingly.

What is going to happen to these men in this industry after the war, the men who work at the Massey-Harris plant in Toronto, the plant in Brantford and in many other places?

When the war is over what is going to happen to labour because of this policy? Do not overlook the fact that the United States with its population of 130,000,000 had the Hawley-Smoot tariff regarding all of these industries. In the British House of Commons that tariff was called the eighth wonder of the world in high protection. The Republican party may have a majority in congress and their policy as given at Chicago two weeks ago will be to protect their home market all along the line for themselves. Why should not they protect their home market? Why should we not adopt the policy of Sir Wilfrid Laurier and Mr. Fielding of empire preferences also, as a home-export market? When the war is over, what is to become of the men in this agricultural industry

What has been happening in the other dominions? Mr. Curtin, Mr. Fraser and the other prime ministers have been sounding the same battle cry of empire trade and the empire family first over in London. I believe this matter was discussed in London when our Prime Minister was there. What is to become of the industries like the agricultural industry and hundreds of others? Something should be done about it. Take Russia with its population of 180,000,000 people. Russia is going to look after her own people and her own home markets by high protection. They have already announced a policy along those lines, and Britain has a separate bi-lateral policy with them for twenty years, signed at Moscow.

I was surprised when I looked over the budget to find that the government was all at sea on this empire trade question. The people in the British empire believe in the preference. The British empire has been our best customer and our steady market; it has been the best friend of the prairie provinces. We have been able to sell our products in exchange for goods and services. The imports and exports have created a tremendous amount of work and the farmers of the prairies have been provided with a steady market, not one that is here to-day and gone to-morrow, gone for the cry of internationalism.

The British empire is going into liquidation by default unless we look out and hold to our home market for our family first and any surplus for others. We should take a leaf out of what Russia and the United States are doing in connection with their industries, in safeguarding their own home market. When the war is over, there will always be tariffs. Look at the resolutions which were passed a week ago at Chicago by the Republican party. They are going to go back to the old days when they looked after their own people first, and the same with Russia with her 180,000,000 people, and who can blame them? Great Britain has lost a quarter of a billion pounds in investments overseas. These have been marketed and put up as a pledge for the war, for munitions and food. She has lost all that and she needs the support of a policy like that adopted by Sir Wilfrid Laurier and Mr. Fielding. They were both Liberals, but they gave Great Britain preference and increased our trade with Britain and that of Britain with Canada.

Is the government going to throw overboard the Ottawa agreements for separate trade agreements? If so, they should announce their policy to Australia and New Zealand. If so, Canada will be sounding the death knell of the British empire unless we have this empire trade and preference. I believe the prime ministers discussed this whole problem in London. The British empire will go by default and into liquidation unless home markets are available as they have been in the past.

Let me refer to this particular item. I remember when Mr. Drury came here and said that protection was an unmitigated evil. I was in the railway committee room when a large deputation representing the Canadian council of agriculture came here. They attacked the system which had been built up in this country and which had done so much for this country and for the empire. They said it was an unmitigated evil and should be wiped out altogether. Thousands of people left Ontario to go to the United States for jobs, many of them returned soldiers from the last war who had fought at the risk of their lives for this country. We are dealing only with this particular industry, but when the next budget comes down it will sound the deathknell of the automobile industry and many other industries.

I am in complete sympathy with the farmer because I know he has had to pay too much for these implements. When I first entered this house I suggested that the minister should have an expert in his department who would set a fair price on these agricultural implements to be paid by the farmers on the prairies.

This question will have to be solved in the next election. When the war is over there will be tens of thousands of our workers out of work. I remember when ward 5 in Toronto, at present represented by the hon. member for Davenport and part of which I represented when I first entered the house, part of it in the northwest, was almost an open field. The streets north of Queen and running west from Bathurst, Markham, Palmerston, Euclid, Manning, Shaw, from Queen to Bloor; all those streets for a mile and a half were built up by

houses erected in all these areas for the implement and other industries; also where the late Colonel Dennison, our magistrate, lived.

Under the protectionist policy that part of the city was built up. The workers bought their own homes and they did a great deal for Canada and for the British empire. I believe in protecting the farmer because he has had to suffer a lot in the past. Over ninety per cent of our industry owners were all right; but a small per cent of the manufacturers wanted to claim all the benefits of protection for themselves and give nothing in return to the consumer. After the war our own empire family should come first with Canada. The mother country wants to exchange goods and services along these lines.

Unless we and New Zealand and Australia help the mother country the British empire will go by default. I do hope that the Minister of Finance will declare before parliament closes what the policy of the government is going to be regarding preferences and empire trade all along the line when the war is over. If free trade has its way I believe that not tens of thousands but a million and a half of our population will have to go to the United States to look for work. You saw what happened at the Chicago convention last week, and there is another convention meeting there this week. A resolution was proposed that after the war they go for their own home market. I plead with the government to announce their policy regarding preferences and empire trade. Let the mother country know what you are going to do about them. These preferences should be brought up to date to meet modern conditions. Some of the duties are all right in some respects, but other duties undoubtedly should be protective. The United States and Russia are going to be the most highly protected countries in the world, war or no war. Britain has an agreement with Russia to-day, in which the dominions have no part, covering some of the matters to which I have referred to-night.

Mr. WRIGHT: I had not intended to take part in this debate since I covered the ground pretty fully in speaking in the budget debate, but I could not let pass unchallenged the statement of the hon. member for Brantford City with respect to the cost of farm implements on the average farm. In twenty-five years of farming in western Canada it has cost me approximately $8,000 for farm machinery and repairs, or roughly $400 a year, which is considerably over the $1.65 suggested by the hon. member for Brantford City.

Mr. MACDONALD (Brantford City): I said 3·3 per cent.

[Mr. Church.]

Mr. WRIGHT: That is 3·3 per cent of the average income. It certainly costs more than that in western Canada, and anyone who has farmed in Canada will bear me out in my figures as to the approximate cost of farm machinery on the average farm in the west.

This tariff item would be helpful in reducing farm machinery costs, provided always that the reduction in the tariff is carried through into the price of the machinery. But that has not happened in the west, and nobody knows it better than the present government. In 1935 they reduced the tariff from 25 per cent as it was under the Bennett government to 12½ per cent, and promptly the price of farm machinery went up by 2·4 per cent. That certainly indicated to me, and I think to the people of Canada, that there was a combine in farm machinery as between the manufacturers in the United States and the manufacturers in Canada. Otherwise that reduction in the tariff should have been passed on to the user of farm machinery. I doubt whether this reduction in the tariff is going to mean very much unless the government are prepared to go farther than they have done in the past.

The hon. member for Brantford City said that he was alarmed about the position of labour. I have figures here as to what labour gets out of the total price paid by the farmer for farm machinery. These figures were produced before the committee which inquired into farm machinery prices in 1935 and 1936. On an 8-foot binder which cost the farmer $281 laid down in Regina, labour received $22.62, and that, I believe, included the full cost of factory labour and office staff also.

Mr. MACDONALD (Brantford City): It did not take in any office staff. I was on that committee.

Mr. WRIGHT: If it did not include the office staff I accept the hon. member's correction. The office staff may have been included in this other item of overhead, but it did include all the costs of factory labour. I would also point out that in the United States in 1939 farm implements were selling at approximately fifteen per cent below the Canadian price on an average, and yet United States factories were paying their labour from fifteen to twenty per cent more than was paid to labour in Canadian factories.

Mr. MACDONALD (Brantford City): Mass production.

Mr. WRIGHT: The Canadian factories should have been working to their full capacity or perhaps they were overbuilt. Perhaps

their overhead was out of proportion to the trade which there was in Canada. So that I do not think the hon. member's arguments are very sound, and when he says that he is so much alarmed about labour I am inclined to believe that he is alarmed about other interests than labour.

Mr. FRASER (Peterborough West): I hope that the hon. member does not imply that about me too, because I certainly am concerned about labour.

Mr. WRIGHT: If the cap does not fit, do not wear it.

Mr. REID: He is pretty well alone on this side.

Mr. MACDONALD (Brantford City): If I am right I do not mind if I am alone or not.

Mr. WRIGHT: I should like to ask the minister a question with respect to dumping duties. The tariff is being removed. Does that mean that any group of individuals or any individual in any part of Canada will be able to go to the United States and buy any type of farm implement or implement repairs and bring them into Canada absolutely free of duty of any kind? Suppose you are able to buy farm machinery or repair parts in the United States below the ordinary home consumption price in that country. Will the importer be compelled to pay a dumping duty on those goods when they enter Canada? Will they be valued for customs purposes at the ordinary price in the United States? Will dumping duties be applied?

Mr. ILSLEY: It has been some years since I have given any consideration to the state of the law relating to dumping duties, but I think the dumping principle is still in our Customs Act. I think it is still a principle of our tariff laws that if goods are sold at less than the fair market value for home consumption in the country of origin, the dumping duty applies.

Mr. WRIGHT: If that is the case, this tariff reduction may not be of much benefit to the Canadian farmer. I know we have cooperatives operating in western Canada today whose purpose it is to go to the United States and buy machines and repair parts on the cheapest market they can find.

Mr. ILSLEY: At a price less than the fair market value in the United States?

Mr. WRIGHT: They may be able to make a bargain over there with certain firms to buy these repair parts at less than the fair market value as determined by the implement companies in the United States. They might be able to make a bargain, for example, with Montgomery Ward or some other people who are not in the implement business to produce certain repair parts at considerably lower prices than are charged by the implement companies in the United States for those repairs; but if we have to pay the difference between the price which might be obtained by the cooperatives for these repairs and the price at which the implement companies consider a fair domestic price in the United States, this reduction in the tariff may not mean very much to the farmer.

Mr. ILSLEY: Let me say a word about that. The principle in the Customs Act is that if a foreign exporter quotes to a Canadian importer goods at a price less than the fair home market price of similar goods to a purchaser in that foreign country, the dumping duty applies. That is the principle of the dumping duty; it is to prevent dumping. The hon. gentleman apparently believes that the dumping of agricultural implements should be permitted. Does he believe that the dumping of butter from New Zealand should be permitted? I should like to find out about that.

Mr. FRASER (Peterborough West): That is a sixty-four dollar question.

Mr. GRAYDON: Better think it over, anyway.

Mr. GRAHAM: I am sure this does not present an appropriate opportunity to stage a first-class or full-dress debate on the question of the tariff structure. However, in view of what has been said here to-night, like the hon. member for Portage la Prairie I feel that I should put on record one or two comments.

I could have followed the hon. member for Brantford City, where farm implements are manufactured, had he stayed with his original argument, that it was a little unfair at this time, before the government had implemented its declared policy of exploring the world to improve the trade conditions of this country by entering into reciprocal trade agreements, to single out the farm implement industry in the matter of tariff reduction; that is, until the government in its general trade policy had dealt with a great many other items. But I noticed that to-night he went much farther; and as soon as the matter of cream separators was mentioned, I observed that the hon. member for Peterborough West, where cream separators are manufactured, rose in his place and protested against that particular tariff reduction. In addition, the hon. member for Broadview gave us to-night an argument, such as has been used ever since this question was first debated, against the step which the

government is taking. I hope the minister is not at all alarmed by the expressions of opinion on the part of these hon. members, all of whom have opposed this particular item in the budget changes. It was bound to come. As the Minister of Finance stated, as reported in *Hansard,* at page 4184:

> However, the government desires to give concrete evidence of the direction which it is endeavouring to follow in the formulation of post-war commercial policy.

And on the same page, although not following immediately on that, he points out—

> . . . the need for a bold initiative in the orderly and agreed unshackling of world trade, if the ideals of economic expansion, higher incomes, full employment, adequate nutrition and the progressive abolition of poverty are to become realities.

I implore the minister never to hesitate or to weaken in the policy which he has declared to be the policy of the government in the post-war period, simply because one hon. member after another, when his particular baby is touched in this matter of unshackling trade—

Mr. FRASER (Peterborough West): Some day you will have a baby to be touched.

Mr. GRAHAM: —thinks it is proper to rise in this chamber and protest against that particular item, which I hope is only one among a great many which will follow the same course, so that the objectives stated by the Minister of Finance may be reached, and the results of the Canada-First policy of 1930-35 will not only be undone, but the lessons we gathered as a result of that policy may be applied. In this way Canadian industry and Canadian agriculture will both prosper to a far greater degree than they can hope to do under any other policy which I have ever heard advocated in this house or outside it.

Mr. WRIGHT: I should like to answer the question the minister asked me. It was a fairly direct question. I want to point out the difference between the conditions affecting farm machinery and those affecting butter. The price of farm machinery in the United States is set by a monopoly; it is fixed by people who control the price of farm machinery and are able to set it at any level they like. On the other hand butter is sold on the world market and must conform to the world price of butter, and it has always had to do so.

Mr. ILSLEY: That would, I should think, be all the less reason for putting any duty against New Zealand butter. But there is always a great agitation when any butter starts to come in. I have gone through this in previous years, and I know there is. Hon. members representing farming constituencies are always extremely vocal on that point. I just want to point out that I do not think we ought to get our legislation on an occupational or a class basis. We ought to realize that a principle should be applied all along the line, and I am afraid we do not. I know perfectly well what the attitude of hon. gentlemen would be if a large quantity of New Zealand butter were coming into this country: it would be to shut it out. I do not say we should, mind you. I think we should have a little consistency in our attitude toward these things; and the distinction the hon. member has drawn is a distinction without a difference. If there is a monopoly setting prices in the United States, how is your cooperative going to get a cut-rate price? You must bear in mind that we are talking about a condition which is perfectly non-existent at the present time and will be for a good long time to come. The difficulty is to get implements from the United States; the difficulty is not that of having implements dumped on us.

Mr. WRIGHT: The cooperatives, by the way, are going into the United States and, along with the cooperatives in the United States, are buying a factory there and are going to manufacture their own implements for the cooperatives for distribution in both the United States and Canada; and if they are able to manufacture these implements at a considerably lower price than present manufacturing costs in the United States, then you propose to put on a dumping duty on them so as to bring prices up to United States prices, before they can be brought into Canada.

Mr. ILSLEY: I do not think the dumping duty would apply in that case. I understand that if a manufacturer of these implements in the United States sells to a comparable purchaser in the United States at a price as low as the price he quotes to a purchaser in Canada, the article is not being dumped.

Mr. WRIGHT: That puts a different complexion on the whole thing, if that is the case.

Mr. PERLEY: I think all of us are pleased at any benefit which may be derived from a change in the tariff on these items. If it results in a reduction of price to the farmer, hon. members, especially from the west, will gladly support it.

I dealt with this matter pretty carefully and, I think, clearly in speaking on the budget, and put on record figures which I obtained from the bureau of statistics and which the

hon. member for Brantford quoted this evening. As he stated in replying to a question I asked him, fifty per cent of the farmers' purchases of farm implements to-day consists of tractors, and they are on the free list. As the hon. member for Brantford City pointed out, when you take the average duty on the balance, it is so low that its effect will be very small indeed.

What I rose to say was that, while this may be a gesture to the farmer himself, I regret that the minister has not taken into consideration another individual who has much to do with the farms of western Canada, in fact, in the last three or four years, more than anyone else; I mean the farmer's wife. I think the minister should have considered putting on the free list a great number of items which may be classified as household equipment on the farms, such as non-electrical refrigerators, vacuum cleaners and sweepers. Stoves might have been put on the list. The farmer's wife has been contending with the old stove. If things were made a little easier for her in that respect she would be tickled to death to get a new stove, an oil stove and so on. If you want to help the farmers, automobiles also might have been considered. Generally household equipment on the farm could have been considered and could have been put on the free list. In that way the one individual in the country who neeeds to be helped would have been helped.

Mr. GARDINER: You ought to join the Liberal party.

Mr. PERLEY: Those things are what I think could have been taken into consideration when the gesture was made by putting agricultural implements on the free list.

Mr. ILSLEY: I am afraid, if we had done that, my hon. friend would have said that we should have gone much farther, and many of his colleagues would have got up and said that we were turning men out of work. I think the safest policy is the policy I laid down in the budget, which is to look forward to arrangements which will have the effect of lowering world tariffs generally and promoting trade between nations. This is one step that we thought we should take for the reasons stated in the budget.

Mr. WOOD: I find myself in a somewhat peculiar position to-night, because, after all, I represent an agricultural implement manufacturing riding. The Cockshutt Plow company happens to be in the constituency I have the honour to represent.

I may say that I cannot show the same concern as my colleague has in regard to what the future may have in store for the workingmen in the city of Brantford. I have been more or less following the stock markets, not that I have very great interest in them other than to see the trend of things, and I have discovered that there has been no reduction in the price of the stock of the agricultural implement companies. In fact in Tuesday's *Globe and Mail* I found that there has been a considerable increase in the stock of the Cockshutt Plow company on the stock exchange, which indicates that those who wish to put the product of their efforts in the form of money into that stock do not feel the same concern as do some hon. members of the committee. Furthermore, I wish to put myself on record as one of the hon. members supporting this government who believe that the policy of freer trade in all commodities of life is one of the solutions of our problems. We all boast about the things for which we are fighting. When the Atlantic charter was drafted by the great statesmen of the allied countries one of the clauses of that charter referred to the exchange of the natural resources and the goods of one nation with another.

I may say I am somewhat shocked at the attitude of the opposition. The hon. member for Broadview got up upon a high and lofty plane and tried to take under his wing the guidance and protection of the great British empire. I am not at all concerned about the British empire. The past record of the British empire shows that they have been well able to take care of themselves. There have been many people who prophesied the downfall of the British empire; but the fact of the matter is that that empire has been always twenty years ahead of most of the other countries of the world. They have been well able to take care of themselves; and I still have confidence that it will not be necessary, particularly for Canada, to give any great preference to the products of Great Britain to enable it to maintain its existence. However, I feel that there are other things that should be considered. Personally I believe that the workingmen and the people that I have the honour to represent in the city of Brantford will be in a much better position under this particular policy than they will be under a restricted trade policy. We have had examples of high protection many a time. You have to look at the past and the path over which we have come to decide what the future may have in store for us if we follow certain policies.

What has been the result? I have before me the agricultural income of this country from 1926 to the present time. From 1926 to 1930 inclusive the average farm income in those five years was $970,000,000. Then we had the blasting policy of our hon. friends across the way, who put on high tariffs and claimed that they were going to solve our problem. The result of that policy was that in the five years during which they had the privilege of administering the affairs of this country the average agricultural income dropped down to $440,000,000, or less than one-half of what it was in the previous five years.

Mr. TUSTIN: There was not a world depression then.

Mr. WOOD: The hon. member says that there was a depression when my hon. friends opposite were in power. I will answer the hon. member for Prince Edward-Lennox in this way. Canada was still in this same old world as were the rest of the countries. In 1930 Canada stood in fifth place as a world trading nation. After five years of my hon. friend's policy we receded to seventh place as a trading nation in competition with all the rest of the world. There must have been something in that policy which made it impossible for the Canadian farmer to sell the product of his labours and relieve this market of goods. There must have been something in that policy which was responsible for depressing the prices in this country when the total agricultural income was less than one-half what it was in the previous five years. Now, then, to prove it to the hon. member—

Mr. TUSTIN: There were high tariffs in other countries which shut out our goods.

Mr. WOOD: It cannot be mere coincidence that in 1935 the total agricultural income again was $511,000,000 for that one particular year. However, I think it is only fair to take the average. In the period from 1935 to 1940 we had two very bad years, 1937 and 1938. In those years we had practically a famine in the three prairie provinces so far as agricultural production was concerned. But let us include those years in the five-year period. In that five-year period we had a total agricultural production of $675,000,000. In spite of the fact we had two of the worst years in the history of this country so far as production is concerned; yet we had an increase of fifty per cent in returns to agriculture. Furthermore, for the benefit of the hon. member for Prince Edward-Lennox, our trade in relation to other countries of the world had gone up until we were again the fifth trading nation of the world at that particular time. At the present time we stand third Of course, part of that is due to the war, because some of the nations of the world are not in a position to compete with us. To-day Canada is filling that great place among the trading nations of the world. She is the greatest trading nation of the world for her population.

That brings me to this argument. Canada has proven in war time that her industry can compete with any other industry in any other country; and if it can be done in war time, why cannot it be done in peace time? Our productive possibilities have increased. We have three thousand more factories in Canada to-day than we had when the war broke out. Besides that, we have numerous other factories that have expanded their productive capacity. I do not see any reason why that productive capacity harnessed up cannot put Canada in a position to compete with the commerce of the world. I believe that it can be done, because if you remove those barriers—and many of those barriers militate against the manufacturer—the manufacturer will be able to participate in the benefits of a freer trade policy, and he will be able to produce cheaper.

I notice that under this particular item there are certain articles of iron and steel, rods and bars that are allowed to come in duty free. They go into the manufacture of agricultural implements. I might say that I do not take too seriously what the hon. member for Melfort said. He said, I think, that only $22 of labour entered into the manufacture of a binder.

Mr. WRIGHT: Those figures were given to a committee of this house by the implement companies themselves.

Mr. WOOD: I thought the hon. member said $22.

Mr. WRIGHT: Yes, $22.62; that is the factory's labour cost.

Mr. WOOD: But a great deal of the material going into a binder is already processed when it comes to the factory, and that labour must be taken into consideration. Again, the agricultural implement companies go to a great deal of expense in connection with servicing, and there are other ways in which labour enters into the final cost. I do not think the figure mentioned by the hon. member for Melfort gives the proper relationship of the cost of labour to the price of the binder. I take the view that if Canada is to prosper in future, steps must be taken to keep the cost of production as low as possible. If there is one thing that will create

unemployment it is an increase in the cost of production, and that cost of production will be affected by the matter of wages. The best assurance labour can have as to its prosperity is a prosperous customer, and if the farmer is prosperous there is no doubt that the farm implement firms will be able to sell their products.

It has been argued that the benefit to the farmer as a result of the removal of this 7½ per cent duty will be small. I have seen editorials in my local paper, as well as in the *Globe and Mail*, in which attempts were made to analyse the benefits that would go to the farmer, and I am shocked at their methods of arriving at a conclusion. As for my colleague the hon. member for Brantford City, while his legal ability may be great I am afraid his mathematics are bad. Let me tell the committee how I view this matter. Let us say that I purchase in the United States an agricultural implement costing $100. I have to pay $11 for United States currency, which brings the cost to $111. The duty on that implement is 7½ per cent, which is figured not on $100 but on $111, which means an actual duty of $8.32. Up to the present there has been a war exchange tax of ten per cent, also assessed on the $111, which meant another $11.10. So that when you include the cost of exchange, the duty and the war exchange tax, that $100 implement will cost me $130.42, without any freight charges at all. It is true that we have no control over the $11 for exchange, but the removal of this duty will mean a benefit to the farmer of practically twenty per cent, consisting of $8.32 duty and $11.10 war exchange tax. I cannot see it in any other way. I obtained these figures from the department, and I believe this to be the correct picture. I am ready to admit that tractors have always come in free, and the only advantage we get there will be the removal of the ten per cent war exchange tax, which will be a considerable saving.

Mr. GLADSTONE: What was the amount stated by the hon. member for Melfort as the cost of labour in connection with a binder?

Mr. WOOD: It was $22.62.

Mr. GLADSTONE: I suppose the average wage of a man working in a factory would not be less than $6 a day, which would mean that only three or four man-days would go into the manufacture of a binder. The idea is simply preposterous.

Mr. WRIGHT: I only gave the figures of the companies, as they were presented to a select committee of this house in 1935.

Mr. GLADSTONE: If that represents your reasoning in all things, it is very inaccurate.

Mr. WOOD: I thank the hon. member for Wellington South for drawing that point to the attention of the committee. Early in my remarks I endeavoured to direct attention to this rather ridiculous approach to this question.

Mr. WRIGHT: The hon. member was in the house, I believe, at the time when the committee on the cost of agricultural implements was sitting. Did he question the figures of the companies at that time? I do not know whether the hon. member for Wellington South, who has just questioned my figures, was a member of the house at that time, but if he was he should have gone into those figures when they were placed on record by the implement companies themselves.

Mr. WOOD: That is quite beside the point; I am not able to recall all the things I did ten years ago.

Mr. GLADSTONE: But at least you know a man could not make a binder in three or four days.

Mr. WOOD: Yes, my common sense would tell me that. As I pointed out, that argument only gives part of the picture. That is characteristic of the group to which the hon. member for Melfort belongs. They generally say just enough to get people to believe what they want them to believe, without giving all the facts and facing realities. Of course they are just running true to form again. I will admit that it is good politics, because we cannot spend all our time in denying things. Most people know their arguments are ridiculous, but I have come to the conclusion that we have trusted the public too much and have allowed them to listen to the wild doctrines and statements of hon. members in the far corner for too long without giving the correct picture, because many people are coming to believe them. We thought most of our people were too intelligent to believe some of the ridiculous things hon. gentlemen in the far corner have been saying, but unfortunately, while engaged in the war effort, the people have not time to do their thinking properly, so that hon. gentlemen are having considerable success with their phoney arguments and policies.

I was going on to say that the discussion in regard to tractors has brought out the point that these machines are not manufactured in Canada, and I am sure the public will want to know why. At one time tractors were manufactured in the city of Brantford, but their design was rather cumbersome and did not meet with the approval of the buying public. As a result the company could not remain in business. To-day a tractor produces far more power than it requires for its own

operation. The first tractors built in this country were so cumbersome that they required most of their power for their own operation, and had no reserve left. To-day tractors are so perfected that on level ground, by putting one's hand on a tractor one can push it along a level road. That is one type of progress that has been made.

I believe it was the hon. member for Broadview who drew attention to the fact that we would have to make our purchases from Great Britain and that to maintain herself she needed our business. Well, I have discovered that Great Britain drives a pretty hard bargain, when it comes to buying agricultural products. I am prepared to say that after this war is over we shall have to compete with Denmark in the British market, so far as our pork products and many other products are concerned. If we are going to compete satisfactorily, then the only answer the farmer has is that of reducing his costs of production. We cannot maintain high production costs, when those costs are far in excess of those in other countries, thereby placing the selling prices of our products beyond the reach of nations that are buying. This is all very well in war time, when there is very little competition, and when there is a ready market for everything. But some day we must face our Danish competitors on the bacon and cheese markets. The solution of our problem in Canada will be reached only by keeping down our production costs.

In the statement I made the other day in connection with sessional indemnities, I overlooked one point. May I say now that I take the view, and take it sincerely, that if Canada is to find a market for the products of her labour it will be necessary that we revise our thinking, and that we keep costs of production down so that those in other countries may be able to buy our produce.

The answer to higher wages and higher production costs will be met in unemployment; there can be no other answer. I say this because I feel it is important that the country should know where we stand, and where I stand particularly on this matter. The mere fact of lowering salaries or lowering wages does not necessarily mean that anyone is going to be deprived of what he needs. But if by lowering production costs we can increase the purchasing power of wages, we at the same time are operating far more efficiently than if we have a continuous increase in prices, salaries and wages, and a resulting final increase in production costs.

To-day organized labour are demanding their rights. They have associated themselves, politically; and I warn labour definitely that if they continue this policy of accepting class legislation, they are heading for nothing short of disaster. Their experience will be paid for in unemployment.

There is only one way in which we can have prosperity, and that is by going abreast. If there is to be a national state, then the farmer has to have his place in the economic life of that state. He has carried the burden of other people too long, and he has now reached the point where he feels that he is entitled to some of those fine things, some of those good things in life. He feels that he has the same right to those things as the people who live in the more favoured industrial centres.

The great solution of our problems will be found in lowering production costs, so that when the farmer has to compete on the open markets of the world with the products of other countries he can compete and sell his surplus. In that way there will be a continuous market for his products. This is a long story, but I feel it my duty to state my position, and I want the people in my constituency to know where I stand on these matters.

The solution of our problems to-day rests in world trade. Canada to-day stands the greatest trading nation, according to her population of any country in the world. I believe that following a wise policy and with proper leadership along the road we have travelled in the last few years when Canada has become such a great nation, we shall maintain that position. By doing the wise thing I believe we can maintain the favourable position we enjoy to-day.

Mr. DIEFENBAKER: Is there to-day any embargo in the United States against the export of farm machinery, other than tractors?

Mr. ILSLEY: Other than tractors?

Mr. DIEFENBAKER: Yes.

Mr. ILSLEY: I did not know there was an embargo on the export of tractors, even.

Mr. DIEFENBAKER: Well, I say "other than tractors". I know there is no embargo upon them. So far as farm machinery is concerned, with the exception of tractors, is there any embargo?

Mr. ILSLEY: I am not quite sure of my facts, but I think they make a limited allocation to us of what machinery they have.

Mr. DIEFENBAKER: What was the value of farm machinery, exclusive of tractors, imported into Canada between 1939 and 1943?

Mr. ILSLEY: The hon. member is asking for a statement of imports into Canada?

Mr. HENDERSON: While the minister is looking up that information I should like to say a word. May I express commendation of the minister upon the budget presented, and upon his policy of withdrawing the duty against agricultural implements. He has done some splendid things, but I believe this has been his most Liberal act, and certainly it has been the most Liberal since I have served my constituency as a member.

I came to this country thirty-six years ago, and I can well remember Sir Wilfrid Laurier sending his Minister of Finance, the Right Hon. Mr. Fielding, to the United States to negotiate a reciprocal agreement. I remember reading history to the effect that that was not the only budget of its kind Mr. Fielding had brought down. He had given Great Britain a preference before that time, a procedure which I approve. I remember that the agreement with the United States was put on the statute books of that country, and became an election issue in Canada, defeating the government. In my opinion, as a man operating a farm in western Canada, that policy was fair not only for western Canada but for the whole of it.

As a result of a policy which was followed, lands and factories depreciated in value to a considerable extent. We have now reached the point where we are able to get back on our feet again, and to enjoy some real Liberalism. Since we have reached this point, may I express my commendation and my appreciation to the minister.

The hon. member for Qu'Appelle referred to the elimination of duty on farm machinery as a gesture to farmers. I say to him it is more than a gesture; it is something real for the farmers of Canada. Not only that, but it renders a service to all Canada. I would rather put it as the minister has put it, namely, that it is a gesture to the rest of the world. If after the war we do not have something like an Atlantic charter, to provide an equitable exchange of commodities the world over, then we have not yet won the war.

Mr. ILSLEY: I am not sure I have all the information the hon. member for Lake Centre wanted, but I have a statement of Canada's imports of agricultural implements and machinery during 1942 and 1943. The total imports in 1942 were $23,696,661. This included traction engines, gasoline, $9,041,960, and parts of gasoline tractors, $7,563,214. The remainder of the item making up the total of $23,696,661 consisted of a large number of implements and parts. It would take some time to read the whole list. In 1943 the total value of imports was $20,424,286, which included traction engines, gasoline, $7,271,678, and parts of gasoline tractors, $8,041,974. These figures show that by far the larger part of imports were tractors and parts. The principal remaining item is harvester combines and parts. The value of the imports in 1942 was $2,460,700, and in 1943, $1,737,110. That was by far the largest item, but there were other items such as cultivators, the import value in 1942 being $241,631, and in 1943, $145,026.

The situation is that we are getting some agricultural implements and parts from the United States, such as we can arrange for by allocation. The amount available is limited. The situation that prevailed in 1943 is substantially the same as has prevailed in 1944, although the allocations may be a bit higher.

Mr. DIEFENBAKER: What was the total amount of customs duties collected on farm machinery in each of those years?

Mr. ILSLEY: The amount of the customs duties and the war exchange tax for the present year if unremoved would amount to $2,350,000 on the imports. That could be divided roughly into proportions of fifteen to twenty. That is to say, the duty is 7½ per cent on nearly all of these items, if not on all, and the war exchange tax is ten per cent. A rough way of finding out would be to take 15/35ths of the amount.

Mr. DIEFENBAKER: Would the importations in 1942 and 1943 approximately equal the export quotas fixed by the United States? What representations, if any, have been made by the government of Canada to the United States government to increase these quotas?

Mr. ILSLEY: I have not that complete information. We have an efficient organization in Washington which is in contact continuously with the combined boards and United States government agencies that have to do with the fixing of these quotas. We try to get as much as we can.

Mr. DIEFENBAKER: That still does not answer the question I asked. Did the exports by the United States to Canada approximately equal the quotas fixed by the United States government or by the joint production board?

Mr. ILSLEY: They were short of the quotas on some items, but they are making them up this year.

Mr. TUCKER: I understand that an order was passed by the wartime prices and trade board to the effect that ceiling prices on farm implements and repair parts would be reduced by the amount by which costs would be

affected by the removal of the tariff and the war exchange tax. This was to come into effect on June 26, but later there was another provision that it would not come into effect until later on because of inventories on hand. Can the minister say whether that is true, and, if so, what check is made to see that the implement companies do not charge the amount of the tax even though they imported subsequently to the removal? Also, if it does not come into effect at once, will companies which collect the tariff and the war exchange tax on machinery which they imported before the tax was put on be asked to refund that? In other words, if they are to be permitted not to lose the tax on inventories on hand, they should be required to refund the tax which they have collected on inventories which they had on hand before the tax was put on. I just wondered what the situation is in that regard and what is to be done about it.

Mr. ILSLEY: The hon. member for Humboldt (Mr. Burton) asked a question yesterday which I promised to answer to-morrow. I have the information and I will answer the question now. In regard to complete equipment imported after June 26 of this year the lawful price must be reduced to the full extent of the exchange tax and/or duties removed by the budget. This means that prices of floor stocks of complete equipment are not reduced by law, although undoubtedly the ordinary process of competition will have an influence. Arrangements have been made to tag specially every piece of complete equipment imported prior to June 26. Inventory of complete equipment is not in any event very large since these machines have been on a hand-to-mouth basis for some considerable time after the wartime prices and trade board's rationing procedure.

That is the situation with regard to complete equipment imported after June 26. To summarize, it would appear to me that the situation is that on what they had already imported before June 26 they may include the war exchange tax and duty and charge that in their price, but on what they import after June 26 they cannot. There is to be a separation of the goods.

The hon. gentleman said that at the time the war exchange tax went on, the amount was added to the price of the goods that had already been imported. Is that correct?

Mr. TUCKER: Yes. I know of a case where the article, a tractor, was imported before the war exchange tax went on, and when they sold the tractor they added the war exchange tax to the selling price. Complaint was made about it, and they showed it exactly as the war exchange tax, although they had never paid the tax to the government. The officials of the national revenue department said that they could sell the tractor at any price they wanted at that time. Therefore it would appear that at that time they were able to add the tax to the price of the article. Now, when their inventories are even lower, they are protected against the tax being taken off the price. I suggest that the rule be made to apply both ways, and that where it can be shown that any company charged the tax when it did not actually pay it, the revenue officials of the government should see to it that the tax is refunded to the people who actually paid it.

Mr. ILSLEY: That sounds very fair to me and I made inquiries to-day to find out if that had been the case. Apparently it was not generally the case when the war exchange tax was imposed in 1940. It may have been done in some individual instances. I do not know whether it would be possible to isolate those instances. It was forbidden by the law. If the hon. gentleman will look at the Special War Revenue Act, chapter 41 of the statutes of 1939, which became the law on August 7, 1940, he will find this provision:

> No person shall take advantage of the tax imposed by this section to increase the price of goods by an amount greater than is justified by any increase in cost properly arising from such tax or to maintain prices at levels higher than are so justified and, where the wartime prices and trade board reports to the governor in council that, in its opinion, any person has so taken advantage, the governor in council may, upon the recommendation of the said board, for such period of time as he may determine, impose upon all or any of the goods produced, sold or dealt in by such person an excise tax at a rate not to exceed ten per cent of the selling price of such goods, remove or reduce customs duties applicable thereto, fix the prices thereof and take or authorize the said board to take such other measures under the wartime prices and trade board regulations as the said board may recommend.

As I read that, there may be two interpretations. I have not given much thought to the interpretation, but as I read it an importer who had on hand goods on August 7, 1940, and who added to the prices of the stock that he had on hand the amount of the war exchange tax as a part of the price which he had not paid, would be taking advantage of the tax to increase the price of the goods by an amount greater than justified by any increase in price properly arising from such tax. But it is susceptible of another interpretation. It might apply to persons who paid only ten per cent duty and tried to raise the price by fifteen per cent. That may be the meaning, but whatever its meaning

I am informed by the former chairman of the wartime prices and trade board that he can remember no complaints to him about it, and certainly there was no recommendation by the prices board to the governor in council to exercise the punitive powers authorized by the section. I am still talking about complete equipment, complete tractors, for example.

Here is a memorandum I have from the wartime prices and trade board:

We are informed that there was a wide variation in what was done by the industry. Furthermore, the percentage added varied as between individual parts, with the result that the additions made were larger in some cases than in others, but on the whole the overall addition was somewhat lower than was justified. It should be particularly noted that there was a time lag of about two months before the industry adjusted any prices.

I gather that that refers to goods imported on which the war exchange tax was paid. I now come to the treatment of parts. The memorandum says:

That in regard to "parts" brought in either before or after June 26—the lawful price must be reduced after September 30. It will be noted that this provision includes floor stocks so that on October 1 the lawful maximum price of all parts must be reduced.

The reasons for this procedure are as follows:

This is the first time that following a removal of taxes or duties the government has required a reduction in established prices. Heretofore the reduction took place under force of competition. Under the board order it should be noted that we are dealing with legal maximum prices. There is nothing to prevent the operation of the ordinary forces of competition.

I should say at this stage that perhaps the ordinary forces of competition are not working now. If we rely on government action only, we must take action that is practicable.

The next reason is as follows:

It seemed manifestly unfair to force importers and dealers to take a loss on taxes and duties already paid. True, in pre-price ceiling days they might have had the risk of loss, but that is quite different to compelling the loss. When war exchange tax went on in 1940, importers and dealers were not prevented from increasing prices, but section 6 of the War Exchange Conservation Act provided for a penalty tax if undue advantage were taken.

I might interject that I think they were prevented from increasing prices on what they had already imported. The memorandum goes on:

So far as we know, this tax was never imposed so that we must assume that no undue advantage was taken.

The hon. gentleman says that in individual cases undue advantage was taken. It goes on:

In fact, we are informed that there was a wide variation in what was done by the industry. Furthermore, the percentage added varied as between individual parts, with the result that the additions made were larger in some cases than in others, but on the whole the overall addition was somewhat lower than was justified. It should be particularly noted that there was a time lag of about two months before the industry adjusted any prices.

I read that passage before. The memorandum goes on:

There are at least 75,000 to 80,000 parts involved on which new prices have to be worked out. It is a physical impossibility to revise the various price lists in less than the time allowed. It would have been impossible to segregate the parts received after June 26 or to tag all the items so that a two-price system could be established to differentiate those in inventory before and after that date. Moreover, such a two-price system was considered highly inadequate in any event and the decision to reduce the price of all parts on a specific date not only gives the board some chance to police its regulations but also eliminates confusion for the consumer. Under any two-price system enforcement seemed impossible and unscrupulous dealers would take advantage of the situation. As part of the arrangement the industry agrees to absorb any loss on all floor stocks after the specific date.

If in fact we had attempted to compel the industry to reduce prices they could quite properly have asked us to name the specific reduction on each item which would have required an examination of each of the 80,000 items for each company to establish what actual additions took place for the exchange tax in 1940 and duties in earlier years. Any effort to meet the situation by a general order as we attempted to in order No. 419, later cancelled, left us with such a lack of definiteness that enforcement seemed impossible. Moreover, we could scarcely have refused to entertain requests for the payment of subsidies in accordance with general policy.

The stock of parts on hand at June 26 was considered to be much heavier than the quantities which can be imported before September 30 in view of quota allocations. Therefore, it seemed to the benefit of the farmers to get all stocks of parts reduced by September 30 than to continue with the higher price during the entire liquidation period—perhaps years—of the pre-June 26 inventory.

The September 30 date should give small dealers a reasonable opportunity to dispose of inventory. There are over ten thousand of such dealers most of whom simply could not absorb the reduction and subsidies would have had to be paid.

Obviously any farmer is put in the position by our order that by simply withholding his purchases of parts until October 1, he can ensure lower prices.

That is, if he can do so. And the information I have is that most repair work takes place after harvest.

Those are the reasons given for the action taken. The board was confronted with quite a problem with regard to these parts. The old rule about putting on duties and taking off duties was that when you put on duties the person in this country who was stocked up with the article on which the duties were

increased got the benefit, and when the duties were taken off the person who was stocked up suffered a loss. Competition made him suffer a loss. Well now, the forces of competition are free to work here, if they will work, and if they have to be supplemented by government order, which we are doing, the government order apparently cannot take effect at once because there is this huge number of items, 80,000 items, the price of every one of which has to be examined and an order made in respect of it. I do not know whether the situation is very satisfactory; it seems to have been the best the board could do with it.

Mr. TUCKER: I wish to say in that regard that I have received a very bitter complaint about the wartime prices and trade board putting out order No. 419, which some implement agencies communicated to their customers and then heard over the radio of its cancellation, leaving them so that they do not know where they are at. The representations I have had complain that the wartime prices and trade board should have realized what they apparently found out later and not have put out an order they could not enforce, thereby causing a lot of loss and confusion. I really think they should have taken more care in this matter than they actually did, and so have avoided this confusion.

Mr. BURTON: In view of the fact that the minister has answered this evening the question I asked this morning, I wish to give him an explanation of the reason why I asked him. I noticed in the press yesterday that September 30 has been set as the date for new prices on repair parts. I wanted to be sure of that before I registered any complaint. Now that we have the assurance from the minister that that is the date which has been set, I wish to make this complaint in the most emphatic way possible. The minister says that the farmer can withhold his purchasing until after September 30, but I tell him and any other hon. members who may be inclined to think that way that it is absolutely impossible for the farmer to wait to buy his repair parts, now that he is getting ready to take off his harvest.

Mr. ILSLEY: I said, if he could.

Mr. BURTON: Well, that is the position. We have been getting along with our old implements, such as they are, and year after year we have been forced to put more and more repairs on our machinery to be able to carry on. This year, with the harvest which is in sight in most parts of western Canada, it is going to take all we can put into our machinery to hold it together to take off the crop, and the fact that September 30 is set as the date when the reduction of prices takes effect means that farmers will not benefit from it in any way, because practically all our repairs will have been taken care of by that time. The quantity of repair parts purchased after September 30 will be very small compared with the amount which will be purchased from now up to that time. As the hon. member for Rosthern remarked, one can see that when this war exchange tax went on there was a certain amount of confusion among dealers. They did not know whether they should or should not take it, and I can quite realize that there were some who took it in good faith at the time. They were more or less left up in the air, and it has been difficult for them to carry on their business. It is not the average implement dealer out in the country from whom the farmers are getting a raw deal. These men are trying to do the best they can for the farmers in supplying machinery and repairs and trying to service the machines they sell to them; and they are constantly in hot water, especially in these times, because the restrictions and the impossibility, in many instances, of getting the repairs as they are needed. The farmer is now placed in a position where he has to wait until another year goes by before he can benefit by the so-called concession. In that connection—

Mr. ILSLEY: May I just interrupt?

Mr. BURTON: Yes.

Mr. ILSLEY: If the importer wishes to pass on this benefit upon anything he imports now, there is nothing to stop him. Ordinarily we would not have any wartime prices and trade board. When we took a duty or a tax off that is all we did, and the price would come right down. If it works that way this year, well and good. We are not saying that they cannot reduce the price before September 30; we are only saying that we cannot get around to examining and administering this whole thing; it is so complicated, that when we exercise compulsion, the compulsion sets in on September 30. If these fellows who, the hon. gentleman, says are such good fellows, wish to pass this on to the farmer we are not stopping them.

Mr. BURTON: No but I wish to inform the minister that, as I said before, it is not the dealer from whom we are getting the raw deals.

Mr. ILSLEY: Who is it?

Mr. BURTON: In most instances these men are being rooked just as much as the farmers by those who set the price on farm machinery in this country.

Mr. ILSLEY: Who?

Mr. BURTON: That is where the difficulty lies. The committee and the minister should remember that it is not the dealer who sets the price on the implements to the customer.

Mr. ILSLEY: In the case of these imported parts, who is it? I am taking it that the hon. gentleman is talking about imported equipment and parts Who is it that is rooking the farmer? He has used that expression.

Mr. BURTON: The machinery combine is the one that is rooking the farmer and also rooking the implement dealer.

Mr. ILSLEY: Let us follow that down. The hon. member says that it is the machinery combine. This relates to equipment and parts imported from the United States. Does the hon. gentleman mean that the seller in the United States is rooking the Canadian farmer? Is that what he means? If he does not mean that he must mean the importer or the dealer. Does he mean the importer? Is there competition between importers? Is there such a thing now? If there is the price will come down immediately; if there is not we have to get it down by force as fast as we can.

Mr. HATFIELD: The price is set to the dealer by the machinery companies.

Mr. ILSLEY: We are talking about imported machinery.

Mr. HATFIELD: Imported machinery.

Mr. BURTON: The minister must surely realize that the importers in this case are the machine companies themselves. They are the ones that set the price to their agents at which they have to sell these machines. The machine companies themselves are the importers and they set the price on these machines. They set the price on the repair parts, and the agent has to watch his step very carefully if he is to get a fair existence out of the commission that he is allowed in many cases. There is where the trouble lies. The local agents by no means whatever set the price on the implements that the farmer buys. If there is any deviation from the price that the local agent charges it has to come out of the little commission that he receives for selling the machine.

I had not intended to take part in a debate on this item, but at the same time apparently this item is the one on which we have been having a general discussion on the reduction in duty on farm machinery. I was surprised that the hon. member who started this discussion took the stand he did on this particular item. As has been mentioned before, this particular item with which we are dealing is giving the benefit of a tariff reduction to the manufacturers of farm machinery in this country. Therefore it is not what might be called a hand-out to the farmer. It is going right back to the manufacturing concerns that he is concerned about, and to the people who are working in those factories.

I had thought that if I were going to say anything on this item the proper thing for me to do at this time would be to make use of the opportunity to express my appreciation to the minister and to the government for the reductions they have made on customs duty on farm machinery. I think they should be assured that we appreciate the action they have taken in that regard; but the one thing that we are concerned about is this. Some of us who were too young to vote at the time well remember the reciprocity campaign of 1911. I was too young to vote at that time, but I took an active interest in the campaign. We thought the world was going to tumble down on our heads when we did not get reciprocity. We still remember what took place in other parts of Canada at the time which prevented us from getting reciprocity. We also remember that later on, in 1919, a low tariff policy was written into the platform of the Liberal party, and that we had to wait all these twenty-five years to get it. Even though we did have to wait twenty-five years; even though our hairs are grey; even though our whiskers are also slightly of the same colour after waiting all these years, we still appreciate the little hand-out we are getting at the present time. When I say "hand-out" I say it advisedly, because while I appreciate and I am certain that the farmers appreciate that it finally has

been done, yet at the same time it seems strange to us that we had to wait until the time when the flow of farm machinery was at its lowest ebb. A very small sum is concerned. When the minister read the figures of the amount of importations of farm machinery to-night in answer to the question asked by the hon. member for Lake Centre, I was surprised that the figures were so low. They are so low that they do not cut much ice one way or the other. The sale of farm machinery in our own country has been low because it has been practically impossible for us to get machines during these years; nevertheless I repeat we are pleased that it has come. What we are concerned about is the fact that although it has come, we farmers have to wait a whole year before we can actually get the benefit of it.

Before taking my seat I should like to say this. When the minister was discussing this matter the hon. member for Melfort asked him a question. The minister made some reference to the dumping duty on butter and compared it with the dumping duty on machinery. I wish to tell him that I am prepared to have our butter placed on the same basis as machinery if the government is prepared to put manufacturers of machinery and importers of machinery on the same basis as producers of butter have been in years gone by. In that time we had to take whatever we could get. We did not have a combine price or an agreed upon price. I am not referring to the present time when a price has been set on butter. I am talking about ordinary times when supply and demand function, when we farmers were not given the opportunity to say what was a fair price for butter in this country. At that time you could not by any stretch of the imagination say that it would be fair to allow butter to be dumped into this country from any other country away below the cost of production. On the other hand there is a combine in the implement industry. They set the price not only in Canada but in the United States. At the time that they are setting the price for their machinery is it right and proper to allow them to use our butter, as one might say, to grease it up a little bit? I think it is a very unfair comparison.

Let us have a voice in the setting of a fair price on the products that we produce on the farms, and then we shall be prepared to talk on equal terms with the others. But when others are allowed to set their prices and then we have to take what is handed to us, it is very unfair. If you say to the manufacturers and importers of farm machinery and other equipment that we need that you have to take the helter-skelter price which is offered for your machinery from time to time, then I say that we shall also be prepared to do the same with butter. When that time comes you can bring it in from any country. But if they are to be allowed to set their price and constantly work it up, then I say that we also must have protection for our butter and other things that we produce. A short time ago I think the minister acknowledged that at the present time this competition does not work, and I agree.

Mr. ILSLEY: I said I did not know; I thought perhaps that was the case.

Mr. BURTON: I took it that the minister acknowledged the possibility that the competition might not work.

Mr. ILSLEY: Simply owing to the fact that during this time the demand is so much greater than the supply; that is all.

Mr. BURTON: That is what I mean, that under these abnormal conditions competition does not work. But what happened only a few years ago when there was a reduction in duties on farm machinery? We did not have these abnormal conditions then, but instead of competition working to bring down prices, they went up. So that again I say that this combine in the farm machinery industry has both the implement dealers and the farmers by the throat.

Mr. TUCKER: I would ask the minister to give further consideration to the representation he received from the wartime prices and trade board by way of justification for setting September 30 as the date when this change will go into effect. Since the minister read that explanation I have been thinking about the matter, and I suggest that he give careful personal consideration to that point, because it seems to me that three months is more than should be required to bring this change into operation. It is simply giving the implement companies more consideration than I believe they require to comply with the law. It means that for three months they can import and sell these repair parts and make as an additional profit the difference between the ceiling price and the cost less the war

exchange tax. They will make that extra profit on all these goods they import during the next three months. It stands to reason there will be heavy importations during that period, and this means that we shall permit these machinery companies to evade the price ceiling law for that period of time. I submit that they should be brought under that law at the most within one month after this change comes into effect. Apparently the wartime prices and trade board originally considered that they could be brought under the law at once, because the order provided that it should come into force on June 26, 1944. I take it that representations have been made by the machinery companies requesting this additional period of three months, and I expect that the wartime prices and trade board has listened to those representations. However, I submit that this is a matter of high policy and that the government should not let the wartime prices and trade board decide such an important matter, which for a whole year will deprive the farmers of the benefits resulting from the removal of this war exchange tax. I urge the minister to give his personal attention to this matter, so that the farmers may have the benefit of this change during the present harvesting season.

Mr. ILSLEY: I will certainly do that. I do not know what it will be possible to do; I got together such information as I could about this situation to-day. Certainly I will bring the hon. gentleman's submission to the attention of the wartime prices and trade board and urge that they go into the matter again. I do not want a position to develop under which importers of machinery will be able to bring it in without paying the war exchange tax and then turn around and add that tax to the price at which they sell it to the farmer. At least if they do that I want it to balance; I do not want them to make money on that transaction. The whole purpose was that this reduction should be passed on, and I so announced in the budget speech. The wartime prices and trade board were directed to work out the matter, and they went at it and tried to work it out by order No. 419. For some reason or another they found that order to be impracticable, as they say, and it was repealed. What I said during the budget speech, at page 4184 of *Hansard,* was as follows:

> The wartime prices and trade board will however amend its order setting ceiling prices on imported farm implements and repair parts in such a way as to give effect to any decreases in the laid-down cost to importers which will result from the action taken.

That was the undertaking.

Mr. HATFIELD: They have done just the opposite.

Mr. ILSLEY: I do not know that they have. At any rate they contend that they have not.

Mr. HATFIELD: For the information of the minister I may say that repairs imported last week free of duty had the amount of duty added to them when they were purchased by the farmer.

Mr. BENCE: If I understand the situation correctly, the duty is to be removed now; yet as far as the ceiling price is concerned it is not to be reduced until September 30. Surely a substantial amount of repair parts could be brought in during the interval. If that is the fact, who will get the benefit of the reduction? Certainly the farmer will not get it, because the implement companies, like other companies in this country, are trying to boost their ceiling prices now. They are not going to take this dispensation that has been given them by the administration and pass it on to the farmers; they will keep it themselves.

Mr. ILSLEY: The contention is that after September 30 in the normal course of events they will have a large stock still on hand which they will have to sell without the war exchange tax being added, although the war exchange tax was paid on the parts imported prior to June 26. I should like to check on that.

Mr. HATFIELD: I do not think that is the case. These United States companies have branches in Canada, and Massey-Harris has branches in both Canada and the United States. A farmer told me that he had his dealer go across the border only last week and bring him back some repair parts. His dealer took up the matter with the head office in Toronto, and was told that he would have to add the duty. This local dealer brought them across the border from Houlton, Maine, to Woodstock, New Brunswick, free of duty, but his head office told him that he would have to add the duty the same as before, so that the price to the farmer included the amount of the duty which had not been paid.

Mr. WRIGHT: I would suggest that the minister give serious consideration to the representations which have been made in this connection. I know that in 1940, when the war exchange tax was imposed upon all goods coming into Canada, there was a fairly heavy inventory of farm repair parts both at the head offices of the companies and on the shelves of the dealers throughout the country, and these inventories have been greatly reduced since that time. If you order any repairs for farm machinery to-day, almost invariably they have to come from the head office; you are unable to get them from your local dealer. So that I believe the minister should check the inventories of 1940 and compare them with the inventories of to-day before accepting the representations made by the machinery companies. I am quite sure that the competition of which he speaks, which under ordinary circumstances might bring down the price, will not operate to-day when there is plenty of money in the country and the implement companies can get the additional ten per cent for repair parts which are badly needed. Repair parts are so scarce that people are prepared to pay almost anything in order to get them. They will pay that extra ten per cent without question if they have to, but I do not see why they should have to. I think the minister is quite right in saying that the benefit which will accrue from the ten per cent reduction should be passed on to the farmers immediately.

Mr. ILSLEY: I do not believe we can check the 1940 inventories; I am afraid that is physically impossible. The statement I want to check is this:

> Therefore it seemed to the benefit of the farmer to get all stocks of parts reduced on September 30, than to continue with the higher price during the entire liquidation period—perhaps years—of the pre-June 26 inventory.

That is the reason given for justifying the action taken. That is the statement I wish to check.

Mr. FAIR: Is it possible to set that date ahead thirty days, and make it August 30, instead of September 30?

Mr. ILSLEY: It might be; I shall look into the matter.

Mr. FAIR: If it could be put ahead to July, it would be so much the better. If it is possible to make it July 30 instead of September 30 it would be a great help to the farmers.

[Mr. Hatfield.]

Mr. WARD: The hon. member for Rosthern did a much better job of presenting the case in connection with farm implement parts than I could do. I believe he did impress the minister. It is at least anomalous if the wartime prices and trade board can defeat the will of parliament.

Mr. ILSLEY: The hon. member has no reason at all for making that statement. The normal thing is not to have any order at all, when an import duty is taken off. There was no wartime prices and trade board before the war. That board is trying to come in to reinforce what would take place naturally and normally. The point that has been raised is that they have not done it effectively enough. But that is not thwarting the will of parliament.

Mr. WARD: The Minister has eloquently endorsed what I was about to say, that parliament has placed in the budget and passed a schedule which provides us with free agricultural implements from outside our boundaries, but that apparently the regulations are not very effective so far as parts are concerned. That is perhaps a condition because of ceiling prices. I would hope that that could be remedied. In my view the suggestion offered by the hon. member for Battle River is a reasonable one, to set the date of coming into effect 30 or 60 days ahead. The government should go into the matter immediately. I think the minister will do the best he can to see that it is made effective at a much earlier date.

I am, Mr. Speaker, going to deal briefly with only one or two matters. I could not help taking note of what the hon. member for Melfort had to say in regard to labour costs on a binder, as disclosed by the special committee which sat in 1936 and 1937. If he will examine the overall figures produced by the auditor he will find that the labour cost of producing a binder in 1937 was eighty-three per cent of the overall cost of the binder. I had that figure corroborated only a few days ago, when I happened to travel from Winnipeg to Ottawa with the auditor who did the work for the committee at that time. He corroborated the figure of eighty-three per cent. I know the figures the hon. member for Melfort will quote, because I have them. My brief on this matter is upstairs, but if the hon. member will analyse the entire overall figures given he will find that it was eighty-three per cent. I would

suggest that before my hon. friend goes any farther he might check more closely. If he does so, he will find that my figure is correct.

In order that we may soften the fears of the hon. member for Brantford City that the implement manufacturers in his constituency may be put out of business, I should like to tell a story. This is a true story, one which happened in Toronto within the last six months. A manufacturer in that city who along with his regular business has a contract with the wartime prices and trade board was visited by one of the engineers. Apparently this manufacturer sold his goods within a certain freight zone, one which extended, I believe, about 350 or 400 miles. He said to the engineer, "Do you think I can sell my goods in the city of Quebec?" The engineer said, "Why do you wish to go as far as Quebec?" The engineer had in his pocket a set of callipers, placing one point on Toronto, where it appeared on the map, and drew a circle with a radius of 350 miles around that city. That circle took in about 35,000,000 people in the United States. The engineer said, "Did it ever occur to you that you might explore the possibilities of that market over there?" The manufacturer replied with the question, "Do you think I could sell my goods in the United States.?" "Well," said the engineer, "I would try." "What would you advise me to do," said the manufacturer. "I would advise you to get your No. 1 salesman to go along with you, and go prepared to stay for two or three months and see what happens." That engineer was back in Toronto three months later, when the manufacturer, upon meeting him, said, "Well, I did what you told me. I made my trip to the United States, and I have returned. I could have sold more goods in six weeks over there than I sold in Canada in the past three years."

Does that sound much like the suggestion that Canadian manufacturers would be put out of business by tariff reductions? I do not think so. I do not think the hon. member for Brantford City is fair with his manufacturing friends in Brantford. There never was one vestige of evidence given in this house, during the twenty years I have been here, to prove that Canadian manufacturers could not always and at all times and in every respect compete with the United States. I think we can do a better job, because I think our Canadian people are more ingenious and we have better and cheaper power in Canada and a greater store of natural resources, and of those things required to produce manufactured goods.

My suggestion to the government would be that in the very near future it should move to destroy all trade restrictions between this country and the United States, or any other part of the world. If we hope to give full employment after the war, the only basis upon which we can proceed is that of complete free trade throughout the world. As there has been in connection with the distribution of munitions of war, there must continue to be an exchange between one country and another, without tariff restriction. That is the thing that will put our people to work. I hope the time is not far distant when we may see that happy day in Canada.

I have only one more word, and that is in reference to the effect this tariff reduction will have upon the Canadian agricultural economy. In 1937 I made an extensive trip into the United States, covering many thousands of miles, and I did so for the purpose of drawing a comparison between costs in the United States and Canada of machinery used by farmers. What did I find? I travelled as far as Missouri, passing through seven or eight states, and talking with farmers all along the way. I discussed implement prices not only with farmers but with small dealers in the villages and towns, as I drove along. At that time I found that there was an average difference of about eighteen per cent between the cost of machines in Canada and in the United States. It will be recalled that at that time there was a fifteen per cent duty on farm machinery. There was almost an exact parallel in price levels between Canada and the United States when the 15 per cent duty and excise was added.

What does this mean? It proves beyond doubt that there is an international combine; there can be no doubt about that. I do not think anybody would argue that there is not to-day a water-tight international combine in respect of implement manufacturing. It is all-embracing. It embraces the whole continent, and we must get that point clear. I believe, however, that with this tariff reduction we now have we shall enjoy the whole benefit of the reduction, because I found in the United States that the price of farm machinery there, was, as I say, eighteen per cent below

the price in Canada, which would just take care of the fifteeen per cent duty at that time, and a few incidental costs such as freight. I am surprised at the attempt by some members of the opposition to belittle the possibilities in this reduction. I think it holds great possibilities for us, even though there is an international combine. It may materially affect the growth of our cooperatives because I believe this reduction will prove of great value to them. A factory has recently been purchased by the cooperative societies of the United States in which the Canadian wholesale implement cooperative people are interested. If we as farmers can show that we know how to help ourselves we shall be able to prove to what extent this international combine is bleeding the farmers on the north American continent. The United States farmer is being bled along with the Canadian farmer. The United States farmer is suffering with us, in fact I am not so sure that he is not suffering more because his wage costs are higher, his taxes are higher, and many of the things he has to buy are higher. I feel that our Canadian manufacturers will still be able to manufacture in free competition with the United States.

Mr. WRIGHT: There has been considerable argument in connection with certain figures which I quoted, and in fairness to myself I am going to ask permission to place on *Hansard* the figures that were presented to the select committee of the house by the implement dealers. It is not a long list, but I think in fairness it should be placed on the record.

The ACTING CHAIRMAN (Mr. Golding): It can be done only with the unanimous consent of the committee.

Mr. WARD: What is the statement?

Mr. WRIGHT: It is a statement of costs, as presented to the select committee which dealt with prices of agricultural implements. It shows the cost of an 8-foot binder from 1913 down to 1936.

Mr. WARD: I object to these figures being placed on *Hansard*. If any are to be placed on, they should all be placed on and they are quite bulky. This is just one sheet selected from the over-all costs which I pointed out were eighty-three per cent. This was borne out by the auditor himself. If you are going to put on just one sheet selected from the pile, you will have to put them all on.

The ACTING CHAIRMAN (Mr. Golding): The hon. member has not unanimous consent.

Mr. WRIGHT: It means that I shall have to read these figures, and it will take a considerable time to do so. The hon. member for Dauphin will have to bear the opprobrium with respect to this matter.

Mr. PERLEY: The hon. member was a member of the committee when it was presented.

Mr. WRIGHT: This is a schedule of manufacturing costs of an 8-foot binder from 1913 down to 1936. In 1913 the materials cost $45.56; labour, $11.97; overhead, $17.96; experimental work, 34 cents.

The ACTING CHAIRMAN (Mr. Golding): I wonder if the hon. member will not grant unanimous consent to having this placed on the record?

Mr. WARD: The point is that this is only a small part of the actual labour cost of producing a binder. I recall the particular sheet from which the hon. member for Melfort is reading. It covers only the bare cost, it does not include the cost of producing the iron in the rolling mills, producing the timber and all the items that go into a binder.

Mr. WRIGHT: Yes, it does.

Mr. WARD: That is merely the assembly cost of a binder, and that was made quite clear by the hon. member for Swift Current.

The ACTING CHAIRMAN (Mr. Golding): The situation is that the hon. member is going to read the figures, and I should be glad if the committee would agree to let him put them on *Hansard*.

Some hon. MEMBERS: Agreed.

Mr. WRIGHT: The statement is as follows:

SCHEDULE OF MANUFACTURING COSTS OF AN 8-FT. BINDER AS COMPARED WITH GRAIN PRICES

Factory costs data						Sales realization					Grain prices			
											Cash at Winnipeg			
Year	Material	Labour	Over-head	Exp. work	Total cost	Cash at Regina	Sales com.	Fr.	Net to Co.	Profit	High	Mo.	Low	Mo.
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.		$ cts.	
1913.....	45.56	11.97	17.96	0.34	75.83	167.02	30.45	17.80	118.77	42.94	0.99½	June	0.82⅝	Oct.
1920.....	92.74	31.78	47.67	1.31	173.50	269.00	33.00	19.17	216.83	43.33	2.85⅝	Sept.	2.31	Dec.
1921.....	112.12	31.65	47.47	1.29	192.53	326.00	44.00	26.00	256.00	63.47	2.04⅜	Jan.	1.18⅞	Nov.
1922.....	80.51	22.56	33.84	1.98	138.89	266.00	41.00	25.02	199.98	61.09	1.50½	April	0.96	Oct.
1923.....	80.54	21.85	32.77	1.15	136.31	274.00	47.00	25.02	201.98	65.67	1.23¼	April	0.91¼	Dec.
1924.....	83.62	22.20	33.30	1.15	140.27	308.00	41.00	26.13	240.87	100.60	1.86¾	Dec.	0.93¾	Jan.
1925.....	80.47	22.57	33.85	1.73	138.62	283.00	40.50	25.02	217.48	78.86	2.17⅞	Jan.	1.18⅞	Oct.
1926.....	77.50	28.85	43.27	0.79	150.41	283.00	40.50	24.70	217.80	47.39	1.63⅞	April	1.29⅝	Dec.
1927.....	75.42	26.22	39.33	0.63	141.60	283.00	40.50	24.70	217.80	76.20	1.69⅛	May	1.32⅜	Jan.
1928.....	76.48	23.03	34.55	0.76	134.82	283.09	44.50	24.98	213.52	78.70	1.65⅜	April	1.13¾	Sept.
1929.....	75.60	24.81	37.22	0.91	138.54	283.00	44.50	25.42	213.08	74.54	1.78¾	July	1.04⅞	May
1930.....	76.35	24.39	36.44	1.31	138.39	278.00	46.50	25.42	206.08	67.69	1.39⅛	Jan.	0.50⅝	Dec.
1931.....	81.50	27.09	40.64	3.88	153.11	278.00	46.50	25.42	206.08	52.97	0.73¼	Nov.	0.51⅛	Aug.
1932.....	87.01	27.16	40.74	9.64	164.55	273.00	46.50	25.12	201.38	46.83	0.67⅛	Feb.	0.39⅜	Dec.
1933.....	79.35	20.65	30.98	2.50	133.48	263.00	44.50	25.12	193.38	59.90	0.94	July	0.42	Jan.
1934.....	75.11	21.51	32.26	2.71	131.59	263.00	44.50	25.12	193.38	61.79	0.94	Aug.	0.61⅝	Jan.
1935.....	70.56	20.48	30.72	1.56	123.32	263.00	44.50	25.87	192.63	69.31	0.96⅛	Sept.	0.76⅜	Jan.
1936.....	71.06	22.62	33.93	2.55	130.16	281.00	45.50	26.08	209.42	79.26	1.29½	Dec.	0.73⅜	May

The above figures are taken from the report of the select committee of the Saskatchewan legislature of 1939, appointed to investigate the cost of farm machinery. Grain prices are taken as cash daily close, at Winnipeg.

Mr. ILSLEY: In the report of the special committee on farm implement prices at page 1233, which is just after page 1230 on which this table appears, I find the following:

It should be noted that only direct labour in the factories is included in labour costs and that these do not include labour in the foundries which manufacture grey and malleable castings. This item of labour cost with foundry material and foundry burden is included in the heading "material".

Mr. GRAHAM: The hon. member for Dauphin happened to mention my name. I am quite familiar with the report the hon. member for Melfort spoke about; my memory is quite clear on that point. Before I left to attend the banking and commerce committee he had already mentioned the cost of labour as being a small percentage of the total cost of a binder as referred to in the report of the committee. The hon. member for Dauphin is quite right. It is quite obvious to any one who studies the cost structure of a binder that at least seventy-five to eighty per cent of the cost is made up of labour. This labour is expended in getting out the lumber and processing it, in manufacturing the steel and iron in the smelter, on the railroads in taking the raw material to the implement factories where the various parts are processed into the completed implement. The hon. member for Dauphin is right; at least seventy-five to eighty per cent of the cost of a binder is made up of labour.

Mr. WRIGHT: I think I made it perfectly clear when I put the first figure on the record that it was the factory cost I was quoting. I was not quoting the total labour cost, and that is perfectly clear from my first statement. The hon. member for Dauphin and the hon. member for Wellington South questioned my figures, but I made it perfectly clear that I was simply stating the factory costs. The hon. member for Wellington South did not say that I was misquoting the figures, but he certainly left that impression and therefore I asked to have the table placed on the record.

Mr. McNEVIN: As a member of the committee I fully agree with the statement of the hon. member for Dauphin and the hon. member for Swift Current.

There is one point that has not been mentioned. Fifty per cent of the material entering into the manufacture of a binder in Canada is made up of fabricated pieces which are brought in ready to assemble. As I understand, the hon. member who has just spoken referred to the labour cost in manufacturing a binder. It created a wrong impression, whether he intended to do so or not, I do not suggest that the hon. member set out to misrepresent the situation, but he certainly left a wrong impression.

Mr. WARD: What is to be gained by placing these figures on the record? They tell only one-quarter of the story, so that they tell nothing at all. I cannot understand why the hon. member insists on having them placed on *Hansard*.

Mr. CASTLEDEN: I should like to ask a question with regard to the importation of farm implements from the United States. The information I have is that Canadian Cooperative Implements Limited have been granted a certain United States quota of farm machinery to be imported into Canada, but I understand that the restrictions of the wartime prices and trade board prohibited this cooperative from importing these goods because they had not been importing them prior to 1940. Have these restrictions been removed?

Mr. ILSLEY: So far as I know they have not. I do not know whether they are prohibited entry. It seems to me that I remember some correspondence about that cooperative. The wartime prices and trade board does not treat cooperatives differently from other businesses in Canada. They are allotted a quota based on their previous business.

Mr. CASTLEDEN: This cooperative did not have any imports prior to 1940. The minister has told us that there were difficulties in getting farm implements into Canada. This company was granted a quota to take farm implements from a firm in the United States, but the restrictions of the wartime prices and trade board prohibited the cooperative from getting these implements across into Canada.

Mr. ILSLEY: Is the hon. member right when he says that the United States has granted this firm a quota?

Mr. CASTLEDEN: There are no restrictions so far as the United States is concerned. The United States will permit the company selling these goods in the United States to export them, but the restrictions of the wartime prices and trade board prohibit their entry into Canada.

Mr. ILSLEY: There has to be an equitable distribution. The thing cannot be done in a haphazard way, first come first served, or some people would be put out of business entirely. Persons in business are treated on exactly the same basis, according to the same rules. My recollection is that a great many importers do not like that, but want favoured treatment.

Mr. CASTLEDEN: The United States firm is manufacturing these implements and is ready to sell them to the cooperative, and if the restrictions were removed this farm machinery could be imported into Canada.

Mr. ILSLEY: I do not know what the facts of the case are.

Mr. RICKARD: As a farmer I want to congratulate the minister and the government upon taking off the 7½ per cent duty on farm implements as well as the ten per cent war tax. I think it is something that will be beneficial to the farmer. We were importing in 1940 about $30,000,000 of farm implements, and 7½ per cent, plus the ten per cent war exchange tax, amounts to a considerable sum. This year and in the years to come there is no doubt that the farmers will be buying many more implements than they have been in the past. Farmers have had to use implements that are out of date and practically not fit to do the work.

Mr. REID: That is why they have money.

Mr. RICKARD: Perhaps that is one reason. At the same time, if they can buy implements they are certainly going to buy them, and the more they buy the greater will be the production.

I was particularly interested in the remarks made by members of the official opposition with respect to this reduction. The hon. member for Broadview, the hon. member for Peterborough West and the hon. member for Qu'Appelle were opposing the removal of the duty on farm implements. As long as I have been in this house, I have heard from the official opposition—

Mr. PERLEY: Pardon me, the hon. member for Qu'Appelle did not oppose this reduction. I pointed out the benefits that might be derived from it. I did not oppose it at all.

Mr. RICKARD: I accept the hon. member's statement. But he said that the benefit was very little. We have heard so long from the official opposition that something should be done for the farmer, and now when something is being done for the farmer they oppose it. Were they speaking as individual voices, or were they speaking as the voice of the leader of the Progressive Conservative Party?

Mr. ROSS (St. Paul's): Why not talk about the member for Brantford City?

Mr. RICKARD: The leader of the Progressive Conservative party is going about telling the people of Canada that we must have freer trade. If the members of the official opposition who have spoken on this item tonight are representing their leader, we must take it that Mr. Bracken is not a free trader but a high protectionist.

Item agreed to.

Items 409, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409h, 409i, 409j and 409k agreed to.

Customs tariff—*409n*. Portable engines with boilers, in combination, for farm purposes: horse powers; complete parts of all the foregoing: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. WRIGHT: I do not see small stationary gasoline engines in this list. Are they to come in duty free for farm purposes?

Mr. ILSLEY: No.

Mr. WRIGHT: They ought to be included in the free list.

Mr. ILSLEY: They are not agricultural implements.

Mr. WRIGHT: They are certainly used as much as any agricultural implement. They are used for running the fanning mill, for pumping water, for pressure tanks, for milking machines and for many other purposes on the farm. I see that small gasoline engines to be attached to electric lighting equipment are allowed to come in free, but apparently the small stationary gasoline engine which is so commonly used on the farm is not on the free list. It is a very important agricultural implement. It is used extensively on the farm, and certainly it should be on the free list for agricultural purposes. I am not arguing for its free entry for other purposes, but it certainly should enter free when used for agricultural purposes because it is an important implement of production.

Mr. FAIR: It is one of the greatest labour savers on the farm, saving the labour of men and of women too. It is hooked up to several implements on the farm, and I should like to see it included in the free list.

Mr. ILSLEY: They have never been included in the schedules of agricultural implements. The rate of 7½ per cent applied to practically all agricultural implements. The tariffs on engines is an entirely different matter. I would not want to touch this tariff on engines without an exhaustive investigation. You cannot make changes just as simply as that. That is somewhat like the suggestion of the hon. member for Qu'Appelle, who wanted us to put on the free list a great range of household machinery. I made it clear in my budget speech that this is not a far-reaching tariff revision at all. I made it clear that we were taking one class of items, the kind of things always regarded as agricultural

implements and machinery, which have always included cream separators, but have never included gasoline engines. It would be out of the question to put them on the free list for farmers alone, because there are so many other people who would be entitled to similar treatment.

Mr. PERLEY: I object to the sarcastic way in which the minister has referred to me two or three times to-night and on other occasions. I have been sincere in every suggestion I have made. On this point I wish to say that this stationary gas engine has been handled by all implement dealers in western Canada for a great number of years. I myself was connected with an implement firm twenty years ago; we handled these engines and sold several of them. They were part of our agricultural implement trade. While I was home at Easter I tried to buy one of these engines to put over a well to pump water. The windmill had blown down, and instead of building a new windmill, which we could not get free of duty and could not obtain material for, I bought a new engine and had to pay a very high duty on it. So that I think this is a very important matter. I agree with hon. members to the left that the minister should consider putting this on the free list, because it certainly will help the farmers more than almost anything else one can think of.

Mr. FAIR: If the minister after a thorough investigation objects to putting all stationary engines on the free list, I suggest that he make this concession in respect of engines up to three horsepower, because it is the one to three horse-power type of engine which is generally in use on small farms.

Mr. WRIGHT: The minister does bring in gasoline engines for agricultural tractors. He makes a distinction there. I cannot just follow his reasoning in refusing to allow us to bring in small stationary engines used for agricultural purposes, while one can bring in tractors used for agricultural purposes.

Mr. ILSLEY: Tractors have always been on the free list; these other engines have never been. There are quite a number of small, competent, efficient industries in Canada from the Atlantic to the Pacific manufacturing gasoline engines; and it would be, as I say, entirely unjust to pick out a class used by farmers alone and make those free, because there are other importers who would be equally entitled to consideration, and I should not like to do a piece of tariff-tinkering like that at this time, without much further investigation than it has been possible to give. That comes within the general range of our tariff policy, which is to try to arrange a reciprocal basis and get world tariffs down. These engines have never been included with agricultural implements. They bear a different rate from that on agricultural implements. It would be impossible in justice to segregate one class of these engines in that way, and I cannot entertain the suggestion.

Mr. TUSTIN: Just before the item carries, in the very next item, 409o, "Equipment for generating electric power for farm purposes only, viz.: engine", is the first item that is mentioned; and that would be practically the same thing that these hon. members are talking about, would it not?

Mr. FAIR: The fact that this has never been included in the free list before is no excuse for not including it, because to-day we have people dying who never died before. I think the minister might change his mind with regard to these small gas engines, because certainly they are one of the most necessary farm implements we have at the present time.

Mr. ILSLEY: This item 409o has always been included in the group known as agricultural machinery and implements. It is true that the rate from the United States has been ten per cent instead of 7½ per cent, but it has always been included in that group and it is limited to farms. It is equipment for generating electric power for farm purposes.

Mr. KNOWLES: What kind of engines are referred to in 409n? Steam engines?

Mr. ILSLEY: They would be steam engines, yes.

Mr. KNOWLES: But there too, they are segregated: "for farm purposes."

Mr. ILSLEY: That is right.

Mr. WRIGHT: I might point out with reference to 409d, these semi-stationary engines, if they are attached to a combine, are allowed in free.

Mr. ILSLEY: They are part of the combine then, are they not?

Mr. WRIGHT: They are a separate engine which sits on the frame of the combine and drives the combine. They are a stationary gasoline engine; they can take them off and use them for other purposes.

Mr. ILSLEY: But they are part of the combine.

Mr. KNOWLES: I think the difficulty we over here are experiencing is to understand the minister's objecting to segregate gasoline engines for farm purposes when there is this segregation for farm purposes with respect to two or three other items.

Mr. ILSLEY: It has been done for a long time.

Mr. KNOWLES: People are doing things now which they have not done for a long time.

Mr. LaFLECHE: I think the C.C.F. are never done.

Mr. ILSLEY: I cannot open up that gasoline engine item without much more investigation than has been possible so far.

Mr. FAIR: I suggest that the minister sleep on it and give us a little better encouragement to-morrow—give us free gasoline engines.

Mr. ILSLEY: It will not be to-morrow, I can assure my hon. friend.

Mr. BRYCE: There are many of these gasoline engines used in connection with dairying in western Canada. Every dairy farm has one of these gasoline engines, and they will wear them out quicker than any other piece of equipment. Every farmer needs them to-day for cooling milk, for putting water through the cooler. If you want to benefit the farmer by reducing tariffs, bear in mind that this is one article which we have to replace oftener than anything else which we must have.

Mr. WRIGHT: I respectfully suggest that the minister let this item stand until he has given the matter a little more consideration, and he will perhaps change his mind.

Mr. ILSLEY: I cannot change my mind on this item of gasoline engines. I have given it much consideration; and the situation is such that I will not, I must say firmly, carve out an additional item on gasoline engines for farm use or for any particular use. Hon. gentlemen are trying to drive me a little too far on this. We have taken the usual list of agricultural implements and have put them on the free list, and I have given the reasons for doing that. Naturally we could spend a long time here in saying that it would be nice to have this free and nice to have that free, and do it here in the house, without reference to the many ramifications which such an action would have. But I certainly cannot take the responsibility of doing so.

Mr. HATFIELD: What is the reason for not putting gasoline engines on the free list?

Mr. PERLEY: Half the farmers in western Canada have one.

Mr. WRIGHT: Do not wait another twenty-five years.

Item agreed to.

Progress reported.

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

Friday, July 21, 1944

The house met at eleven o'clock.

PRIVILEGE

MR. GRAYDON—FREEDOM OF SPEECH IN THE PARLIAMENT OF CANADA

On the order of motions:

Mr. GORDON GRAYDON (Leader of the Opposition): I desire to rise to a question of privilege. It relates to certain strong protests which have been made recently in parliament, as well as outside, with respect to the right of freedom of speech in the parliament of Canada. I have delayed bringing up this matter in the House of Commons in the expectation that the government leader in the other place, or the member around whom the issue revolved, would introduce the matter on a question of privilege in the other chamber when it reconvened on Tuesday last after having been in adjournment almost continuously since the incident occurred. In view of the fact that the question has not been raised in the other place, however, I am bringing it now before this house since it concerns the rights of members of both branches of parliament. In my opinion the inalienable right of freedom of speech which must be enjoyed by every member of parliament, whether in the other place, the House of Commons or any other deliberative assembly in Canada, should be zealously safeguarded and vigorously defended.

Without making further comment with respect to the matter I am going to ask the Prime Minister, who is not in his place at the moment, in view of the fact that the situation affects both houses of parliament, if he will call into conference with him the leader of the government in the senate so that the matter may be fully reviewed and such steps taken in both houses simultaneously as may be felt necessary to ensure that freedom of speech shall be maintained and preserved.

Hon. J. L. RALSTON (Minister of National Defence): As my hon. friend has indicated, the Prime Minister is unavoidably absent this morning. I will have what my hon friend has said brought to his attention.

Mr. GRAYDON: It is a suggestion only.

Mr. SPEAKER: I am rather at a loss to understand why this statement should be made as a question of privilege. After hearing the statement made by the leader of the opposition, I would think that it might properly come up by way of a motion in the house, rather than as a matter of privilege

on the routine proceedings. I am just making that suggestion now, so that both the government and the leader of the opposition may consider it.

Mr. GRAYDON: I was hoping that what Your Honour has suggested would be the next step to be taken by the Prime Minister.

VETERANS' INSURANCE

PROVISION OF LIFE INSURANCE FOR VETERANS OF THE PRESENT WAR

Hon. J. L. ILSLEY (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 provide life insurance on the life of veterans of the present war, payable to beneficiaries, as defined in the said measure, and upon the conditions thereby provided, or by regulations prescribed.

Moneys received by way of premium to form part of the consolidated revenue fund and payments under the contracts of insurance to be paid out of the said fund.

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

Mr. POULIOT: We shall not wait until they are dead to look after the disabled.

Mr. CHURCH: We should have had this four years ago, when the minister opposed it in this house.

Motion agreed to.

CIVIL SERVICE SUPERANNUATION

EXTENSION OF OPERATION OF ACT—FURTHER PROVISIONS AS TO CONTRIBUTIONS, ETC.

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to amend the Civil Service Superannuation Act and to provide for the extension of the operation of the said act to certain persons in the public service not presently included therein and to make such further provisions respecting contributions, allowances and benefits as may be deemed necessary for the said purpose and for the better operation or administration of the said 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.

[Mr. Speaker.]

LABOUR CONDITIONS

POSSIBLE STOPPAGE OF WORK AT HALIFAX SHIPYARDS

On the orders of the day:

Mr. G. H. CASTLEDEN (Yorkton): I should like to ask the Minister of Labour what action has been taken by the government to prevent a stoppage of work at the Halifax shipyards owing to a dispute between the industrial workers union there and the Halifax shipyards, and the failure of the company to carry out the recommendations of the conciliation board.

Hon. HUMPHREY MITCHELL (Minister of Labour): I returned to the city only a short time ago, Mr. Speaker, and my hon. friend did not give notice of this question. I shall be glad to look into it and give him a reply on Monday.

HOUSING

INQUIRY WITH RESPECT TO REPORTED EVICTIONS IN TORONTO

On the orders of the day:

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, some days ago the Prime Minister said he would bring to the attention of the proper minister the question of evictions in Toronto. I would ask if the cabinet has discussed this matter, and what the results of those discussions have been. Also I should like to know when they are going to get started in Toronto in an effort to have wartime houses erected. The situation is desperate, and the summer is rapidly going.

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, the wartime prices and trade board, or someone on its behalf, has been in touch with the authorities of the city of Toronto and is discussing the matter with them. Those discussions are now going on. That is all I can say about it at this time.

Mr. ROSS (St. Paul's): May I ask this further question: I should like to learn from the Minister of Munitions and Supply whether any wartime houses are to be built, and if so how soon they are to be started.

Hon. C. D. HOWE (Minister of Munitions and Supply): It is my understanding that a certain number of houses, somewhere between one hundred and two hundred, are now under construction, to be completed as rapidly as possible.

Mr. GRAYDON: Following what has already been asked in connection with housing, and while I know the Minister of Finance is extremely busy and working under heavy

pressure, may I point out to him that we would like to have the new housing legislation brought before parliament as soon as he can find it convenient, with his other duties, to do so.

Mr. ILSLEY: I realize the urgency of the measure. We hope to have it ready to lay before the government early next week.

MOBILIZATION ACT

PRESS REPORT WITH REGARD TO DIRECTIVES TO CERTAIN BOARDS

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I should like to ask a question of the Minister of Labour, bearing upon a press report which quotes a statement made by the registrar of division F, Quebec city, in regard to the enforcement of the mobilization regulations. Summarized, the statement is as follows: that anyone who "willingly and voluntarily", to use the words of the statement—

—violated the mobilization regulations, the registrar is always ready to study their requests attentively, and spare them trouble if they admit their error.

Furthermore, is that administration—

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member may lay the foundation for his question, but must not go further than that.

Mr. POULIOT: Smile, smile, smile.

Mr. DIEFENBAKER: This is no smiling matter. It is very difficult to ask a question without epitomizing what has been said. Is it a fact that the minister has given a direction that persons employed in industry or business, even if their work is not essential to the war effort, may be granted postponement? Furthermore, have confidential letters recently been sent out by the minister, or have confidential directives been given to certain mobilization boards, giving those boards the right to depart from the terms of any of the regulations which have been passed?

Hon. HUMPHREY MITCHELL (Minister of Labour): I am well aware of the fact that there is an election going on in one of the provinces at the present time. But let me say to my hon. friend that there is no distinction made in any part of this country as to the application of mobilization regulations. Nor has any secret directive been sent out to any province—even to my hon. friend's province.

Mr. DIEFENBAKER: Oh, yes, there was—to the province of Saskatchewan.

Mr. GRAYDON: Why is there a difference in interpretation between this government and the government of the province of Quebec? That is what we would like to know.

An hon. MEMBER: There is no difference.

Mr. MACKENZIE (Vancouver Centre): Get more Tory candidates in Quebec.

Mr. GRAYDON: Well, there will be no Liberal candidates after the election is over; don't worry about that.

Mr. MITCHELL: I do not very often speak in this way, but the fact is that these questions are being asked for purely political reasons and no other.

Mr. GRAYDON: On a point of order—

Mr. HOWE: Order. Mr. Speaker is on his feet.

Mr. SPEAKER: Order. I think the question is closed. Orders of the day.

Mr. GRAYDON: We cannot be accused of politics; we have no candidates down there. You will not have any, either, after it is over.

Mr. MACKENZIE (Vancouver Centre): Save the deposits you lost in Saskatchewan.

Mr. SPEAKER: Order.

SPECIAL PRIVILEGE TO FARMERS UNDER REGULATIONS

On the orders of the day:

Mr. JEAN-FRANCOIS POULIOT (Temiscouata): May I ask the Minister of Labour if he informed by letter or otherwise the premier of Quebec that the farmers were protected under the regulations?

Hon. HUMPHREY MITCHELL (Minister of Labour): I can answer the hon. member for Temiscouata only as I answered the hon. member for Lake Centre (Mr. Diefenbaker). There is no difference whatsoever in any province in Canada. The same protection to the agriculture industry is being given to every province in Canada, irrespective of whether it is east or west.

Mr. POULIOT: I do not deny that. But the minister has not answered my question. He may have written the same letter to different premiers. But did he not write to the premier of Quebec stating that farmers were protected under the regulations?

Mr. MITCHELL: I would say this, that the protection given to agriculture in this dominion is probably better than in any other country of the united nations.

Mr. GRAYDON: That does not answer it.

Mr. POULIOT: That is not an answer to the question. I asked the minister if he had written that to the premier of Quebec.

Mr. SPEAKER: Order. Orders of the day.

Mr. GRAYDON: There is a nigger in the woodpile somewhere.

MOTOR LAUNCHES

USE AS PLEASURE CRAFT—COMPLIANCE WITH SAFETY REGULATIONS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I have a matter of some urgency which will require the attention of two ministers of the crown. I have received a letter from the clerk and treasurer of an important village and summer resort near Lindsay. My attention is called to these lines in the letter:

We have a 30-foot launch here which runs pleasure trips for guests—

Mr. SPEAKER: Order; I cannot hear the hon. member.

Mr. CHURCH: Well, I gave a copy of the letter to both ministers. It states:

We have a 30-foot launch here which runs pleasure trips for guests . . . carrying 25 to 27 passengers who do not recognize the danger. It is really dangerous and everyone experienced on these waters lives in dread of a bad accident due to overloading.

It has no certificate, and if this is continued there will be an accident some week-end. In the letter my attention is drawn to the fact that this launch carries twenty-seven people from the city I represent. The Minister of Transport has power to stop the sale of gasoline to yachts and other pleasure craft carrying passengers when they have not the certicate or safety aids required by the minister. Surely some action has to be taken. I have sent the complaint to both ministers. I would like to hear from the minister this morning. If the answer is brought down as a return they may all be returned home over a week-end—in their coffins.

Hon. C. D. HOWE (Minister of Munitions and Supply): I have not received the letter, copy of which is said to have been addressed to me. However when I receive it I shall be glad to consult with my colleague the Minister of Transport, and determine if any action is necessary.

WHEAT

FLOOR PRICE FOR ONTARIO WHEAT, 1944-45 CROP

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, with the permission of the house I should like to make a brief statement of considerable urgency, so far as Ontario wheat farmers are concerned.

I wish to announce that the government has decided to provide a floor price for Ontario wheat during the 1944-45 crop year. The Canadian wheat board has been empowered to purchase in terminal market positions No. 1 grades of Ontario winter wheat at $1.25 per bushel, basis Montreal.

It is the hope of the government that Ontario winter wheat will be purchased by mills at the ceiling price during the present crop year, and that it will not be necessary for the board to purchase wheat in volume in order to guarantee a minimum price of $1.25 per bushel for No. 1 grades, Montreal basis. However, should prices weaken, or should supplies of Ontario wheat offered for sale during the crop year exceed requirements of eastern mills, the board will exercise the special powers granted to it for the present crop year and will maintain minimum prices on the basis of $1.25 per bushel for No. 1 grades, basis Montreal.

In so far as the board becomes a purchaser of Ontario winter wheat in 1944-45 it will do so in respect to standard grades of wheat in store in terminal elevators and will do so as a market stabilization measure. Any loss resulting from board operations in this respect will be a charge upon the treasury.

I wish to point out that this stabilization measure will be operated in the place of an initial advance to producers with participation certificates hitherto provided under the Canadian Wheat Board Act. With the ceiling at $1.26, it is the considered opinion of the government that Ontario winter wheat producers will realize more from the support of the terminal market prices of their wheat than under the system of producer deliveries to the board which was formerly in effect.

WAYS AND MEANS

The house in committee of ways and means, Mr. Bradette in the chair.

CUSTOMS TARIFF

Customs tariff—*410s.* Amalgam safes; automatic ore samplers; automatic feeders; retorts; mercury pumps; non-metallic heating elements; pyrometers; bullion furnaces; amalgam cleaners; and integral parts of all the foregoing, for use exclusively in mining or metallurgical operations: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. POULIOT: Mr. Chairman, the tariff is a most important question. Before the establishment of the foreign exchange control board, the wartime prices and trade board, and various

controls in the Department of Munitions and Supply, the tariff was the only obstacle to trade. For a long time all governments imposed the tariff for revenue, but now it is entirely different. Canadian imports have been affected by the tariff changes made by the Bennett government. Our import trade is much less proportionately than it was before. What surprises me is that the same men who acted as advisers to the late Bennett government in tariff matters were kept on by this government after they came into power.

The CHAIRMAN: We are dealing with item 410s, covering amalgam safes, automatic ore samplers, et cetera. The discussion should be confined to the item before the committee.

Mr. POULIOT: We must come down to fundamentals.

The CHAIRMAN: We have had fundamentals for a long time.

Mr. CASTLEDEN: On a point of order, Mr. Chairman—

Mr. POULIOT: I ask the hon. gentleman from the west to—

Mr. CASTLEDEN: I would like to know when item 409o was passed?

Mr. POULIOT: It was not passed.

The CHAIRMAN: Item 409o was passed. I was in the chamber last night when it was passed.

Mr. CASTLEDEN: The records do not show that.

Mr. MACKENZIE (Vancouver Centre): It was passed.

Mr. KNOWLES: I hold in my hand a copy of *Hansard*. I know there is some argument as to whether *Hansard* is a proper record, but it indicates that 409n was agreed to and that is the last entry in *Hansard* for yesterday. That will be found at page 5179. There is no mention of item 409o.

Mr. GOLDING: I happened to be in the chair when the item was passed at eleven o'clock.

Mr. MACKENZIE (Vancouver Centre): I have it marked as passed.

Mr. GOLDING: It was definitely passed.

Mr. POULIOT: I took my pen and marked a line after "n" and before "o". The discussion was on "n" and not on "o". Two or three times the chairman asked if the item was adopted or not, and finally the committee rose and the item carried but "o" was not called.

Mr. GOLDING: Just before we closed I asked if the item was carried and it was carried.

Mr. CASTLEDEN: That was item 409n.

The CHAIRMAN: Item 409o. *Hansard* is not the record of the House of Commons. We have it here properly recorded and properly signed, "Item 409, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409h, 409i, 409j, 409k, 409n and 409o."

Mr. POULIOT: You know very well that as a rule all the items are signed in advance.

The CHAIRMAN: I am not reading the items from the resolution; I am reading the scroll.

Mr. STIRLING: May I draw attention to the fact that according to *Hansard* 409o was not even called.

Mr. GOLDING: The hon. member is right. 409o was not called; we called 409n, but that was definitely carried.

Mr. STIRLING: 409o could not have been carried.

Mr. POULIOT: I move that we revert to 409o.

The CHAIRMAN: Provided that the committee agree; but I must ask the committee to keep the discussion within the ambit of the item before the committee.

Mr. POULIOT: With the consent of the committee we will take up 409o and see what can be done about it. This item includes storage batteries, and it is most interesting. I should like to go back to 1935 when Mr. Bennett was Prime Minister and show the committee what the duty on storage batteries was at that time. I am interested in this because in many country places where no power is available the farmers rely upon storage batteries for a great many things and they are a little handicapped in their purchases. I will tell the committee what handicaps the rural class of this country.

In 1935 there was a distinction between electric and galvanic batteries, the ordinary storage battery. A change is now being made in the designation of the item. Previously the tariff was most complicated. For electric and galvanic batteries the British preferential tariff was 15 per cent; the most favoured nation, 25 per cent; intermediate, 25 per cent and general, 27½ per cent. Listen to this description of "battery" that is given. The term used was not general, it was specific and it made the thing most complicated. Listen to this:

Batteries, storage electric, composed of plates measuring not less than 11 inches by 14 inches

and not less than three-quarters of an inch in thickness, and complete parts thereof: free; 25; 25; 27½.

The rates given are for the British preferential, most favoured nation, intermediate and general. I wonder if that description was put there to protect the manufacturers of storage batteries. All other electric and galvanic batteries were 15, 25, 25 and 27½. There was a distinction made between the two kinds of batteries. That was the tariff that existed in 1935 and it continued until 1940, but now it is being changed. We now have storage batteries under item 409o, which reads:

Equipment for generating electric power for farm purposes only, viz: engine, gas tank, generator, storage battery, and switchboard or panel; and complete parts of the foregoing: British preferential tariff, free; intermediate tariff, free; general tariff, free.

The most favoured nation tariff has disappeared. The explanatory note does not mention what the tariff is now, but according to the information I have it is free, 25, 25 and 27½. The description here is most vague. All the items are put together and it is most difficult to find out what we want in the tariff. We have to refer to a book that is published outside of our government, the "Canadian Almanac" which lists all the tariff items alphabetically. I suppose the Department of Finance and the Department of National Revenue maintain their own alphabetical indexes, but the members of parliament are not provided with a copy, and when they want information about the tariff they have to go to the excellent compilation made by the "Canadian Almanac". That means, strangely enough, that if we want information on the tariff we have to rely on publications outside of the government unless we wish to go through a whole lot of work. That is one point.

What will be the effect of this reduction on imports? Before the war it was easy for anyone to send $100 or $500 to the United States, or to England or anywhere else, to obtain storage batteries. It is not possible to do that now except with the authorization of the foreign exchange control board. I am all for a reduction in the tariff on this item, but because of the autocracy of the foreign exchange control board it is impossible for the farmers to get any batteries from the United States. They cannot take advantage of this tariff reduction to secure what they need. I remember that a long time ago a committee of this house sat and considered the duties on agricultural implements and brought in a report recommending a decrease in duties, but nothing was done about that unitl now; and now, when it is done, it is to no purpose. That is my complaint. So long as the farmers are handicapped in getting what they need, by the regulations of the foreign exchange control board, it is impossible for them to take advantage of this reduction in the tariff. The same thing applies to exports. It is impossible to export because of the export restrictions. What is the use of the export permit branch of the Department of Trade and Commerce? They cannot do anything. They are under the control of the controllers of the Department of Munitions and Supply and under the wartime prices and trade board. That is the position, and it means that traders are tied up.

Some storage batteries are manufactured in Canada, but it is essential that our farmers have access to an open market in the United States to buy their batteries there because they are not well served by the firms in Toronto, who always serve wholesalers before serving the small dealers in country places. I had to bother the parliamentary assistant to the Minister of Finance a number of times over numerous and justified complaints with respect to the radio service in Témiscouata county. We have a very good service there under an excellent man, but it is impossible for him to get the materials he requires from the manufacturer or from the wholesaler. That is another reason why the matter should be considered in connection with this tariff item which we are now considering. The perfect radio service of Témiscouata should have the opportunity to order as many storage batteries as they need to supply the farmers of my district without going to the manufacturers in Toronto, who do not give them the service to which they are entitled. It is as clear as crystal. The tariff item itself is good, and I do not oppose it. Once more I say that I am opposing the restrictions imposed by the Department of Finance through the foreign exchange control board, which make these tariff provisions perfectly useless.

I have the highest regard for the Minister of Trade and Commerce, who I believe is a great collaborator with the Minister of Finance, but the Minister of Finance should not have all this power in his hands through the various organizations which are under his control. How is it that the British preferential tariff has been left for so long at fifteen per cent on electric and galvanic batteries? It was impossible to secure batteries from the United Kingdom and yet this government is the one that is preaching patriotism. They say their heart is with Great Britain, but when it comes down to brass tacks there has been a fifteen per cent tariff for so long on British goods. I have done some research but

I did not have the time to examine the whole record between 1940 and 1944. I realize, however, that it was only after a long time that the tariff was changed.

I might give the names of some of the Toronto firms which are most unsatisfactory, and one gentleman who knows all about it is precisely the hon. member for St. Antoine-Westmount, the parliamentary assistant to the Minister of Finance, with whom I have dealt regarding these matters. It is impossible to get any satisfaction from these Toronto firms. When one of my constituents sent a Toronto firm an accepted cheque it was returned and the firm did not fill the order. The parliamentary assistant then got in touch with the firm in Toronto, through one of the controllers, and notified them that in all fairness they should serve my constituents in a better way. But what did they get? They got what they wanted drop by drop, only a very small quantity at a time. During all that time the farmers were suffering on account of the stupidity of these people. I am against manufacturers having the power to control the exports of any other manufacturer, or to control the imports of any other manufacturer. So long as the various organizations under the department of finance are not submitted to the control of parliament, we shall get nowhere.

There is another thing I want to say. I am greatly concerned about the way in which tariffs are made. I go back to April 6, 1936, when I made this motion in the house. I quote from *Hansard* of April 6, 1936, page 1815:

> Mr. Pouliot moved for a copy of the last draft of the Canadian American agreement as it was on October 23, 1935.
>
> Mr. Mackenzie King: I am not aware that there is a draft of any Canada-United States agreement dated October 23, 1935. If there is, I think it would be a privileged document and as such could not properly be brought down.
>
> Mr. Bennett: It has been distinctly stated that there was no such draft.
>
> Mr. Pouliot: Then nothing was done by the previous administration in that connection.
>
> Motion dropped.

My point was not so much that the Bennett government, through Mr. Herridge's negotiations with the United States government, had done nothing, but rather that this government took office on October 21, 1935, and the Canada-United States trade agreement was entered into at Washington three weeks after, on November 15. What wizards! Is it possible for any man on earth to make a treaty in three weeks when nothing has been done before? There was no agreement as to any item of the tariff at the time. Now, sir, they are precisely the people who boss the whole show, and it is impossible to criticize them and they are above all of us.

My conclusion is this. The controllers, the wartime prices and trade board, the foreign exchange control board—if these are to subsist any longer, to the detriment of the Canadian people, they should be told definitely by the Minister of Finance that the needs of the Canadian people should be looked after, and merely because a man lives in the country he should not be deprived of the advantages which a man who lives in the city has. Every Canadian citizen has the right to the same facilities and the same comfort, but until now, through the stupidity and greed of the manufacturers of batteries in the cities of Toronto and Montreal, the Canadian farmer has been deprived of storage batteries. Many a time when he asked for a battery he could not get it because it was easier to fill larger orders.

It is a simple matter for the minister to avoid a lot of useless correspondence by giving formal orders, in the first place, to the wartime prices and trade board, and in the second place to the foreign exchange control board, to impose no restriction on the import of such goods. He should also notify the Canadian manufacturers that if they do not serve the country people as they deserve to be served, the foreign exchange control board will allow the Canadian merchants who sell batteries in rural districts to buy all they need from the United States, and give them the right to send money to the United States to buy those batteries.

It is not my desire to handicap the Canadian manufacturer; on the other hand, if the Canadian manufacturer is not serving the Canadian people it is the duty of the government to redress that wrong; and the government must be obeyed, too. It is very easy for them to do that.

Besides that, the Minister of Munitions and Supply should not miss an opportunity to tell the chief of controls—successor to one who was connected for a long time with Barclay's bank and is now one of the numerous heads of the Tory party, namely Harry Borden—that he should do nothing to give privileges to the big dealers in the cities at the expense of the smaller dealers in rural communities. It is easy to do that. If the respective controllers—Donald Gordon, of the wartime prices and trade board, or L. Rasminsky, of the exchange control board, and the rest—do not obey the minister, out they go; the minister can fire them at any time, because, I assume, they are there "during pleasure"

I use the words "during pleasure" because that is the term which is used most of the time in connection with appointments, but it should be interpreted as meaning "during good service". So long as the storage battery man is dealt with in that manner, to serve the few instead of the many, the system cannot work at all, and these organizations should be condemned severely and bitterly. I am sure that all hon. members who represent rural communities agree with me in this matter. I hope they will say so to the minister, and that there will be a change in the near future.

I have been most patient, and to show my good will and my earnestness I will send the whole file with regard to electric storage batteries to the Minister of Finance. I am sorry he does not read French, but most of the letters are written in English and he can learn what the trouble with these people is. The kind of thing I have mentioned will be found, I am sure, in all rural communities from coast to coast.

It is time to recognize the farmer, to give him the same rights as the man who lives in cities. I have nothing to hide in my files; they are an open book; and the minister will see that an injustice has been done to the country people, and has been repeated. I do not ask him to read all the contents of the file; he can hand it to one of his secretaries to report to him on the matter; but I should like him to inform himself of the facts and then act promptly.

Mr. ILSLEY: Mr. Chairman, with regard to imports from United States of such articles as batteries, the foreign exchange board never denies to importers the funds—

Mr. POULIOT: It is regarding export; nobody can send money except with the authorization of the foreign exchange control board.

Mr. ILSLEY: But the furnishing of money to pay for imports from the United States is never denied. I do not know as a matter of fact whether there has even to be an application for it; it goes on as a matter of course.

With regard to the wartime prices and trade board, the hon. gentleman suggested that that board or the Department of Munitions and Supply were in some way restricting quotas. Now so far as imports are concerned the whole object of the wartime prices and trade board is to secure as generous quotas as possible from the United States, and they have administrative machinery set up for that purpose. They never cut down quotas for protective purposes; they seek to enlarge quotas so as to ensure adequate civilian supply. They are the agency of the government charged with the responsibility for civilian supply.

With regard to adequate domestic supply, that depends upon wartime necessity. If materials and labour are required for war purposes it may be necessary to restrict the amount of materials at least that can go into the production of civilian equipment and civilian supply. That is a matter primarily under the jurisdiction of the war industries control board in the Department of Munitions and Supply; but so far as the agencies in my department are concerned they seek continually to get as large or as nearly adequate amounts for civilian supply as is possible under the circumstances. It is part of the wartime prices and trade board's fight for stabilization of the price level to see that shortages and scarcities do not develop. They have two duties, one in respect of supply and the second in respect of prices and the control of prices, dependent upon their provision of an adequate civilian supply. The hon. gentleman can depend upon it that so far as the agencies in my department are concerned, they will do the best they can to see that civilians are adequately supplied.

Mr. POULIOT: I would ask the minister one thing, to have the file read by someone whom he relies upon in the first place, and then have it summarized as concisely as possible, so that it may not take too much time to go through it, and then send me a copy of it and I will send it to the minister of munitions.

Mr. ILSLEY: That is quite a lot of trouble, but I will do it.

Mr. POULIOT: Thank you.

Mr. DIEFENBAKER: I wish to direct to the minister a question arising out of certain questions I asked last night at page 5167, with reference to the fixing of quotas by the joint production board, particularly with regard to quotas for export by the United States of farm implements. The minister stated last evening that the amount of exports last year was below the quota—

Mr. ILSLEY: In some lines.

Mr. DIEFENBAKER: In some lines. I do not know whether the minister actually said that last evening, but he said it was lower in any event, and that this year, in so far as shortage was concerned, there would be an increase accordingly. I would like to know in what lines there was a shortage so that we may be able to understand the degree to

which the demand will be filled this year. Will the minister also advise the committee what is being done to allocate necessary metals and materials to farm implement manufacturers in Canada in order to ensure a satisfactory supply of repairs? That is a matter which I think requires very serious consideration. Last year on numerous occasions I heard complaints from farmers that they were unable to secure necessary repairs. Many of them had patriotically disposed of any old machinery they had, having donated it in many cases to the salvage committees, to ensure availability of scrap iron. The result was that they did not have repairs which they ought to have had. Many of them found it almost impossible to carry on. I have before me a copy of *Business Week*, dealing with what has been done in the United States. In October last, as the minister knows, a very substantial increase in the amount of metal and materials necessary for the production of farm implements was made available to manufacturers of farm implements in that country. The figures are immaterial, but it is indicated in this article that while in 1942 there was a very considerable backlog of available farm machinery still in the storages of the country, by the fall of 1943 that backlog had disappeared and it was found necessary in the United States to increase the allotment in order to assure production. A very serious responsibility rests on the government particularly at this time of the year to make sure well in advance of harvesting operations that repairs will be made available. If they cannot be produced in Canada, what attitude will the government take towards endeavouring to secure them in the United States? The production there of farm implements has gone away up in recent months, and in the nature of things there must be a supply on hand that could be made available to the farmers of Canada, and when it is realized that under the joint production board a joint effort of Canada and the United States is taking place, help should be forthcoming if asked for. Regardless of the extent to which Providence this year is favouring the farmer with the most hopeful harvest in many years, the farmer depends on a supply of repairs to make possible the harvesting of that potential crop. I should like to hear the minister frankly tell the country as a whole what the position is in this regard and what may be expected and hoped for.

Mr. ILSLEY: I would have to get a great deal of information from the wartime prices and trade board before I could answer that question. As I have said, they do the best they can to get civilian supplies. They have done so for years and have been working on this question of agricultural implements trying to see that an adequate supply of implements and parts should be made available to the farmers of Canada. But just what the amounts are and what steps they have taken, just what the prospects are, I cannot tell at the present time without a full report from the wartime prices and trade board. The hon. gentleman can depend upon it that the importance of the situation is fully realized.

Mr. DIEFENBAKER: I received from the Minister of Trade and Commerce on April 17 last a reply giving the sales of farm machinery and equipment in Canada during the years from 1938 to 1943, and it indicates how serious the farm implement supply situation was in 1943. Whereas in 1941 the amount of farm machinery and equipment sold to farmers in Canada was over $52 million, in 1943, in spite of the fact that there was a greater demand then by reason of increased production, the amount of farm machinery sales had fallen by almost $24 million. I welcome the minister's undertaking that this matter will receive consideration and his assurance that it is being considered, but I again point out that it is a serious situation which will have to be met and I feel sure it could be met by securing the cooperation of members of the joint production board. To-day many farmers feel that the difficulty will be solved in view of these tariff changes.

Mr. ILSLEY: I made it clear that such would not be the case.

Mr. DIEFENBAKER: That is right, but I impress upon the minister again the necessity of having the wartime prices and trade board face up to this matter, and also having the administrator in charge of farm machinery give it his immediate attention. Last May six types of farm machinery and equipment were removed from the ration list. There should be additional removals at this time, if only for a matter of a few months.

Mr. McNIVEN: The hon. member for Lake Centre has brought to the attention of the minister a very important question, namely that of repair parts for farm equipment. I am quite sure the minister is seized of the importance of the matter; and inasmuch as there is a quota on the importation of repair parts from other countries, and at the same time difficulty in having them made in Canada, I am wondering whether some of the war plants that are not now operating to capacity could be utilized for this purpose. For example, in the city of Regina there is a government

owned plant with approximately $3,500,000 worth of up-to-date modern machinery. A year and a half ago this plant employed 1,500 persons. To-day that number has been reduced to 500, and a considerable portion of that very modern equipment is idle. If a shortage of these parts does exist, and it is not possible to obtain them from the usual sources, would the minister bring to the attention of the Minister of Munitions and Supply or the wartime prices and trade board the possibility of having them manufactured in plants such as I have described?

Mr. WRIGHT: I think the matter raised by the hon. member for Lake Centre is very timely. I know there is a real shortage of repair parts for engines and the suggestion of the hon. member for Regina City might very well be given consideration by the government. It is something rather new to have a suggestion from that source which would put the government into the business of manufacturing agricultural implements, but we are always pleased to hear such suggestions.

Again I wish to raise the question which was under discussion when the committee rose last night; that is, the tariff on stationary gasoline engines. Under item 409o stationary gasoline engines, if attached to an electrical plant, may be brought in free. Under item 409f grain loaders or elevators with a capacity not exceeding forty bushels per minute are now considered to be agricultural implements and may come in duty free, but these implements just cannot work without a gasoline engine attached to them. They are machines for loading grain out of granaries into trucks, or out of trucks into cars or bins, and they must have a gasoline engine attached in order to operate. Twenty-five years ago, when the Liberals first suggested that the tariff be removed from agricultural implements, a stationary gasoline engine may not have been an agricultural implement, but I can assure you that it is to-day. Stationary gasoline engines are used on at least the great majority of farms in Canada, for a variety of purposes. When the minister says he cannot segregate the machines which might be used for agricultural purposes and those used for other purposes, that is not a sound argument, because they are able to segregate other implements, such as tractors. A tractor, which is a gasoline engine on wheels, is allowed in free of duty for agicultural purposes, but must pay duty when brought in for commercial purposes. I believe the minister should give some further consideration to this question. It is really an important item in connection with present-day agricultural operations.

[Mr. McNiven.]

Mr. FAIR: Before the house rose last night the minister suggested that he would give further consideration to changing the date of September 30, and setting it ahead two months. I wonder what effect a good night's sleep has had on that proposal.

Mr. ILSLEY: I did not work it out very far in my sleep, but I took the matter up this morning with the wartime prices and trade board and they are giving consideration to it, as I promised they would. I cannot give the committee anything further.

Item agreed to.

Items 431c, 431d and 438j agreed to.

442. Articles which enter into the cost of manufacture of the goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409k, 409o and 439c, when imported by manufacturers for use exclusively in the manufacture in their own factories of the goods enumerated in the aforesaid tariff items, under regulations prescribed by the minister.

Provided that goods which are entitled to free entry or to a lower rate of duty than is mentioned in this item shall not be entered at the rates specified in this item: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. ILSLEY: There is to be an amendment to this item consequential upon the placing of agricultural implements upon the free list. The amendment is:

That schedule "A" to the customs tariff, as amended by resolution No. 2 of June 26, 1944, be further amended by striking thereout tariff items 442 and 442a, the enumerations and rates of customs duties attached thereto and by inserting in lieu thereof the following:

442. Articles and materials which enter into the cost of manufacture of the goods enumerated in tariff items 409, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409k, 409o and 439c, when imported for use in the manufacture of the goods enumerated in the aforesaid tariff items, or in the manufacture of parts therefor, under regulations prescribed by the minister: British preferential tariff, free; intermediate tariff, free; general tariff, free.

The effect of this is that those importing materials for the manufacture of articles which are made free by these budget changes, may bring in such materials free of duty.

Mr. GIBSON: I move accordingly.

Mr. HATFIELD: I point out to the minister that some of these articles are not manufactured in Canada. Item 409e covers spraying and dusting machines and fruit and vegetable grading machines. Are they manufactured in Canada?

Mr. ILSLEY: If that is so, the item does not do any harm. I do not know whether they are manufactured here or not. It is possible that something may be included in the list

which is not manufactured in Canada; if so, no parts could be imported free for use in their manufacture.

Mr. HATFIELD: In that case the complete machines should be allowed in free of duty.

Mr. ILSLEY: They are.

Mr. HATFIELD: You are not allowing the engines for vegetable grading machines to enter free of duty under this item, are you?

Mr. ILSLEY: Did the hon. gentleman say grading machines?

Mr. HATFIELD: Fruit and vegetable grading and washing and wiping machines. These machines are not manufactured in Canada, and the complete machine is not being allowed in free of duty.

Mr. ILSLEY: Is this machine operated by an engine?

Mr. HATFIELD: Yes, by a gasoline or an electric motor. The motors are almost impossible to secure, because they are not manufactured in Canada.

Mr. ILSLEY: This is a matter of administration. It is very difficult to draw the line between machines of which the engines are integral parts and those in which they are not. However I do not see what bearing that fact has upon the item now before the committee. If the motor is regarded as separate from the grading machine, then the motor is not covered by item 409e, and the amendment would not admit free of duty the materials and articles entering into the manufacture of the motor if it were made in Canada. But if as a matter of administration the motor is not considered as part of the machine, namely the fruit and vegetable grading, grading, washing and wiping machine, then it is regarded as being covered by item 409e, and the amendment now being proposed covers the material entering into it.

Mr. HATFIELD: 409e covers that machine.

Mr. ILSLEY: I do not say the motor is included in every case; it is simply a matter of administration. But if it is not regarded as being included in the item, then the amendment does not affect it.

Mr. DIEFENBAKER: What was the amount of customs duties collected on the articles entering into the manufacture of farm implements during the years 1941, 1942 and 1943, under this particular heading? These are component parts.

Mr. ILSLEY: In 1942 the imports of castings for agricultural implements were valued at $284,283, and in 1943 at $231,610. In 1942 the imports of other articles for agricultural implements were valued at $2,334,251, and in 1943 at $2,370,658.

Mr. DIEFENBAKER: And that is subject to 7½ per cent?

Mr. ILSLEY: The duty was 5 per cent.

Amendment agreed to.

Item as amended agreed to.

Item 443b agreed to.

Mr. ILSLEY: I have an amendment to move at this point.

Mr. GIBSON: I move:

That the following item, enumeration and rates of duty be added to the list of items included in resolution No. 2, of June 26, 1944, as for insertion in schedule "A" to the customs tariff:

"475d—printing plates, n.o.p., whether for printing or lithographing, and transfers taken from same, and positive and negative films, for use exclusively in the production of books which are included in the curriculum of any university, college or school in Canada, for use as text books or as works of reference, not to include dictionaries: British preferential tariff, free; intermediate tariff, free; general tariff, free."

This is to cheapen somewhat the cost of school books.

Item agreed to.

Items 476b, 476c and 477 agreed to.

Customs tariff—482. Ear-telephone sets and similar appliances, including batteries therefor, and complete parts, for use by deaf persons, under regulations prescribed by the minister: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. DIEFENBAKER: What was the value of imports of ear-telephone sets and similar appliances, and batteries, last year?

Mr. ILSLEY: The imports of parts and batteries for hearing aid devices would probably amount to less than $10,000 in value annually. Imports under tariff item 482 of hearing aid devices amounted to almost $348,000 in 1942 and $469,000 in 1943.

Mr. KNOWLES: A word of appreciation might be expressed at this time for the action the government has taken in connection with hearing aids. Hon. members know that particularly strong representations have been made by the hon. member for Kootenay West. Many of us have contacts with people requiring these aids, and we know that previously there has been a good deal of exploitation in connection with them. This will relieve that condition, in part, but I hope the government will also pay heed to the urgings of the hon. member for Kootenay West that

the national research council look further into the possibility of producing these aids as cheaply as possible for people who need them.

Item agreed to.

Items 524a, 537, 537a, and 537d agreed to.

Customs tariff—*538a*. Articles which enter into the cost of the manufacture of binder twine, or twine for harvest binders, and twine for baling farm produce, when imported for such use exclusively by manufacturers who manufacture such twine only: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. DIEFENBAKER: Would the minister give information as to the articles entering into the cost of manufacturing binder twine or twine for harvest binders, as shown by the imports in each of the years 1942 and 1943?

Mr. ILSLEY: The information I have is for baling twine, which I suppose would be the same as for binder twine. Baling twine is made from sisal. It is similar to binder twine, and made in the same machine. It is heavier than binder twine, and measures about 225 feet to the pound. It is used in connection with baling hay. About 25,000 pounds of sisal was converted into baling twine this year. This sisal fibre cost about $90,000. Other articles entering into the cost of baling twine are chiefly paper bags and insect repellants. The cost of these materials would not exceed $10,000 in value. A few years ago a new machine was placed on the United States market for baling hay in the windrow. Some of these machines are now being used in Canada. The bales weigh from 40 to 65 pounds and the baler is hauled by a tractor and can be operated by one man. That is interesting information in relation to what the hon. gentleman asked for.

Mr. GRAYDON: That is going the second mile.

Items 540, 542, 542a, 548 and 551 agreed to.

Customs tariff—*555*. Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of wool or similar animal fibres, but of which the component of chief value is not silk nor synthetic textile fibres or filaments, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of yarns of wool or hair, but not containing silk nor synthetic textile fibres or filaments, n.o.p.: British preferential tariff, 30 per cent; intermediate tariff, 40 per cent; general tariff, 40 per cent; and per pound, intermediate tariff, 32½ cents; general tariff, 35 cents.

Mr. KNOWLES: I understand that all these changes with respect to fabrics, clothing and clothing materials are simply changes in the wording; as yet there has been no reduction of the duties so far as these different items are concerned? The government has not gone that far yet?

Mr. ILSLEY: That is right.

Items 556b, 557, 557a, 557b, 558b, 558d, 558f, 560a, 560c, 561, 561a, 562a, 564, 567a, 616c, 617, 617c, 618, 619a, 654, 688, 691, 692b and 825 agreed to.

Resolutions 3 and 4 agreed to.

Resolutions reported, read the second time and concurred in.

SUPPLY

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

DEPARTMENT OF FISHERIES

73. Fish culture, $198,730.

Mr. NEILL: With the consent of the committee I should like to have leave to revert back to item 71 as I want to bring up a couple of cases. This is not neglect on my part; I could not bring them up before because the minister had promised to have certain investigations made. They have been completed and I would appreciate having the consent of the committee to bring them up now.

The CHAIRMAN: With unanimous consent.

Mr. NEILL: Item 71 covers the building of fishways and clearing of rivers, and I have two items about which I wish to speak briefly. I can put them both on the record at the same time and the minister can answer them together. The first one refers to a fish ladder on the Puntledge river a few miles from the town of Courtenay in British Columbia. This river leads into Comox lake where for many years there was a good run of valuable salmon. This run has practically ceased. The committee will not be interested in the whole history of this matter. It is an unsavoury one so far as certain government officials are concerned. I have a huge file on it, larger than the ordinary volumes of the debates of the house. Unless the minister is prepared to challenge my statements there will be no need to go into it in detail. It did not occur during his time so that he is not responsible in any way.

The case goes back to 1913 when a colliery company wanted to obtain power and put in a dam on the Puntledge river. Sometimes it takes a long time for the government to take action or for the people to stir up the government, but it was finally discovered that this dam was ruining the run of salmon into that lake. Along about 1917 the public agitated

about it and continued to do so until I came into the house in 1921. In 1922 the government ordered the company to put in a fish ladder at that point, that being the law. For some reason which I need not go into, the company was allowed to put in the wrong type of fish ladder and it was washed out before long. The government compelled the company to put in another. The same type of fish ladder was put in at the same place and it was washed out again. That happened once, twice, three times. It finally dawned on the officials that perhaps there was something wrong in the procedure. In order to make things quite comfortable and amicable all around they ordered a new type of ladder to be put in, but it was put in the wrong place. It had the additional disadvantage that even though the ladder was there the fish could not use it. The fish could at least get up the former ladders when they were there. But on this occasion, in order to make a gesture of doing something, they put in a different type of ladder which was of no value even for the comparatively short time it was there before it too was washed out. The last washout occurred in December, 1937.

I charged the officials with the responsibility for doing that. By this time I may say that the colliery company, very naturally to my mind, took the position that they had put in the ladder which they did not want to do, that it was of no advantage to them but that that was the law; they had put it in three times and if the government had no more sense than to keep on putting it in in the wrong place and putting in the wrong type, that was up to the government and they would not be responsible any further. I think that was an entirely proper stand for them to take. I maintained at that time, and I have since, that the responsibility was the government's, first, to do it; second, to put in a type that would be practical and, third, to put it in in a place and in a manner where it would stay.

Of course officials of the government will never take the blame for anything if they have done anything wrong. They will go through hell and high water rather than admit that they have made a mistake. They would not take any blame and they offered various excuses to justify the action they had taken. First of all they said that it was working all right, that the fish were getting up. I said it was not, and I brought evidence to show that it was not. After the usual official delay they went to the expense of putting in a net above the fish ladder in order to demonstrate that the fish were getting up; they intended to catch the fish and demonstrate that I was wrong. They did not catch anything, they did not even catch a sucker, or at all events not the sucker they thought they were going to catch.

The next argument was: Yes, that was so, but it was impossible to put in a ladder in that peculiar position to get the fish over the dam, which was eleven feet high at the most. But we have evidence before us of salmon having been taken up the Columbia river at Bonneville falls, a height of sixty feet, without any of these desperate troubles that afflicted them here.

When that was dissipated they got a new idea. The next idea was that it could not be put where common sense would suggest at the end of the dam because that would require blasting and would involve the safety of the dam. That was a childish argument. I have blasted a stump within six feet of the windows of my house without damaging the glass. It requires judicious care, of course. We finally got a couple of first-class engineers and they said that the ladder should be put, not in the middle of the dam where it would be under such pressure that it would not work—and when it did work it was speedily washed out—but at the end of it, and that would need some blasting. That was the advice of two very competent engineers.

The next argument was this. They were determined that the ladder would not be put in and they would not admit that they had made a mistake. That is a trait of human character, I suppose, but it can be pushed to an extent in the official mind. The next argument was that the fish did not go up there anyway, and never had, so what was the use of putting in a ladder? But they put in the first one in 1922. They put in altogether four ladders, and they were all washed out, and now they said there was no need for a ladder at all because the fish had never been up there. I mention that just to illustrate the mental attitude with which I had to contend. The records of the department—I leave it to the minister, although it is not his responsibility—are full of recommendations from the government side by various officials. One man who had a long and established career in such matters said that it was the finest place for spawning fish that he had seen in British Columbia. Yet their argument was that the fish had never gone up there, and therefore there was no need for a ladder.

You can imagine that all these things took time. All these excuses had to be combated. Finally, just about the time that I was hoping for some action, the war broke out and it was put up to me as a patriotic gesture, and as common sense too, that this was not a pressing war emergency and it had better not be gone on with for the present. I accepted that view

and did not put on any more pressure. That is how it stands now. But now, if we can credit the morning newspapers, we are getting close to the end of the war. We can now look forward, and it is highly undesirable that we should let this matter stand any longer, for of course the run of the fish is getting smaller and smaller, if indeed it exists at all. Looking to the future I think it would be desirable if the government would give its consent now to putting a sum in the supplementary estimates to meet the expenditure for this work. It would not require a very large sum, five or six thousand dollars, not much more than that. I am shortly leaving politics entirely, but I have been pressing this matter through the years and I would like to see it brought to a satisfactory conclusion.

The other matter that I wish to bring up has to do with this same vote, in connection with the clearing of creeks and rivers. This is a different situation. The government in times past spent over five thousand dollars to allow the salmon to get up the Rosewall creek. Their object, and their sole object in making this expenditure, is to see that the salmon do get up, and they do not care what the consequences are to anyone else who happens to be affected. That is not a reasonable method. They spent five thousand dollars, and most of it was spent in an attack, so to speak, on a big log jam which had come down and settled in a place where there were high banks on each side, and consequently it did not make a lot of difference to anybody except the salmon whether the logs piled up there or not. I forget whether they cut the jam or blasted it. I think they cut a hole or tunnel through this log jam, through which the salmon got up temporarily, at any rate, until other things happened. Cutting the jam had what we call consequential results. Cutting off a piece of the log jam allowed the next freshet to swing the jam around and carry it down a few hundred yards, where the logs all jammed again on a bar, a flat place where there were no high banks as before. The logs jammed on this bar in a low flat place and stayed there, and subsequent logs coming down kept on piling up. The consequence was that the water spread out over this flat land in the neighbourhood and ruined the land. As we all know, delta land is the very best land you can get for farming, and it does not have to be cleared. Settlers had taken up land on both sides of this flat, but the log jam, being stuck there, piled up more and more in the course of the years and in time it got so bad that the creek sometimes disappears into the gravel and comes out lower down, but that is under exceptional circumstances. The result was that water and silt spread over this flat land; the farm land is being ruined, and the usefulness of the river as a salmon spawning ground is also gone. The salmon would get up with the big freshet and lie on the flat ground, and when the freshet went out they were stranded and the young salmon would lie in little holes; they stayed there until the creek dried up, and the fish perished. So that the run of salmon is entirely ruined.

These settlers went to the department which had caused the damage, because it is the department's responsibility. If any department does something with one object in view, and it causes a loss to somebody else, that is the department's responsibility. That has been admitted time and again, although reluctantly, by the department. But they took an attitude in this case that reminds me of Judas Iscariot. After he had taken the step of which he later repented—at any rate he had the merit of having repented, and these officials have not—he went to the priests and gave them back the money, or he wanted to. He said: I have shed innocent blood and I want to return the money. But the priests said: No; what is that to us? See thou to it. That is the attitude taken by the officials. They said to these struggling settlers whose land had been ruined: What is that to us? See thou to it. That attitude is against common law and against common sense and that sense of fairness which should animate any department in such matters.

Mr. McIVOR: That is well quoted and well applied.

Mr. NEILL: Then they say, "Well; all these other things have happened, it is not worth our spending any more money anyhow." They put forth the same specious arguments which I have alluded to in the other matter. First of all they said they never did spend any money. I have a letter to that effect. But it is well known that they spent five thousand dollars, or near that. Then they said it did not do any harm anyhow; this log jam would have done the same thing in any case. No, it would not, because it was jammed between high banks where nothing would have happened, or if it had happened it would have been higher up the creek where it did not matter. But by their action, cutting a hole through or a piece off the edge of the jam, it allowed the whole thing to float down, and it jammed on this flat river basin with the results I have indicated.

Then they tell us that the erosion had nothing to do with them, they were not responsible for erosion, the creek cutting down

the bank; and they said it was up to the province or, if it was not up to the province, it was up to the individual, who must suffer from being affected by that disability. But in this particular case it was not an act of Providence or of nature; it was the act of the officials of the fisheries department carrying out their duties in attempting to let the salmon up. The log jam when it stranded diverted the current and caused the erosion. It was this which made the trouble, and therefore the settlers, I maintain, have the right to come to the department to do something about it.

The next argument was that it would cost so much money; it would cost ten thousand dollars, and ten thousand dollars was a lot of money to spend on what some people may think is a two-penny-ha'penny creek. But it will not cost ten thousand dollars. I am going to read a letter from one of the persons concerned who would undertake to remedy the condition for eight hundred or a thousand dollars, and make a good job of it, and would be satisfied to release the government from all claims. I intend to read some letters which explain what damage has been done. Some of the land belongs to a widow woman. She has had five or six acres of her land ruined, worth three or four hundred dollars an acre of any man's money. Land has been either washed away or rendered utterly useless, and I contend that these people are entitled to redress.

I do not want the government to take advantage of the technicalities of the law and say, like the priests of old, "What is that to us?" It is everything to these people; and the government is supposed to exhibit an example of fair play. I would not be a bit afraid, if I or this man had the money, to take this matter into the exchequer court, for I have a pretty good idea of what that court would do, but the man has not any money to spend on an action in the exchequer court, and of course the officials take the view that they can afford to bluff this thing through.

In substantiation of some of the statements which I have made, I am going to read extracts from letters. I have enough here to go on reading for a couple of hours, because this condition has existed for a long time, but I intend to read only a few extracts in confirmation of the statements I have made. If the minister would spend a sum not exceeding $750 probably the man and other parties associated with him would be glad to accept it in settlement. I quote from a letter of a friend of mine who lives nearby and is cognizant of the situation:

> Considerable amount of property has been washed away. This is caused by a huge log jam which has accumulated causing the creek to spread all over the place and cause considerable amount of damage. The gravel below the log jam is piled higher than the banks. This log jam has completely blocked the creek. There is no creek bed; the water seeps away through the gravel. In the spring as the mouth of this creek dried up small pools of water were left full of fish. Thousands of them were trapped and eaten by cranes, crows, gulls, etc. Salmon go up this creek to spawn. As a spawning bed for salmon I feel that the fisheries department should remove this obstruction known as the huge log jam in Rosewall creek.

Here is a letter from one of the parties concerned; his name is Curran:

> I am taking this opportunity to write you again to ask you if you will try and do something at Ottawa to have the mouth of Rosewall cleaned out. If you recollect I took this matter up with you several years ago and you visited my place and saw the condition of this river for yourself. The truth of the matter is all the damage done in Rosewall creek has been caused by the fishery department itself.
>
> In 1935 the fishery department cut a channel to allow the fish to get past a large jam about a mile and a half upstream from the mouth of the river. The first flood after the channel was cut swung this jam down intact to the mouth of the river where it lodged, backing up the sand and gravel and other log jams which came down there by filling up the river bed and forcing the water to run all over my fields and the land adjoining us.

Here is another letter from him. He says that the officials have been to look at his place —the continued efforts I made brought them to this easily accessible place. It was all part of a "stall". The fisheries department is fuller of "stalls" than a livery stable. He says that the officials have been to his place, and adds:

> I would suggest if possible that you check these reports. I believe their estimates run between three and four thousand dollars to put this creek back to its natural state, and that is probably the reason why the fishery department is sidetracking the issue, on account of the high cost. However, if it is at all possible to get an appropriation of between eight hundred to one thousand dollars I will guarantee to put the creek back to its natural state and make a good job of it and will pay the balance out of my own pocket.

Notice what he asks: he wants it put back to where it was to begin with, its natural state. The fact that it has been a complete failure from the point of view of the salmon getting up is nothing to him, naturally. What he thinks about is that the land for which he paid a high price cannot now be used.

Here is another letter, from the widow, Mrs. Berray. She is addressing my friend:

> Fred Curran, Art Smith, and myself went up to the highway bridge on Rosewall creek and came all the way down the creek and we counted 85 dead salmon down as far as the big log jam. Below that there are thousands that never got past the log jam. When there is a

freshet there are holes washed out, from the river overflowing and the salmon get in there and when the rain stops, the creek goes down so fast it leaves them stranded and they die before spawning. I think it is safe to say 80 per cent of the fish does not get up past the log jam. They spawn in the mouth of the creek in tidal water and of course when the freshet is on that spawn surely must wash to sea.

Mr. Tait and McDonald were here on November 11, 1943. They came at five p.m. and said they would be back the following week. We have been home all the time and have seen nothing of them. As far as Mr. Tait saying there is a comparatively new channel scoured out by freshets in the last two years, well the water has to go somewhere and it goes through the woods for a quarter of a mile but there is no clear channel for it to go. The bulk of it is going through Fred Curran's property and I get my share of damage too. It sure has cut a lot of my property away. I dread the spring freshet, when the snow comes down. Last spring the young salmon hatch was washed into my field and the gulls ate them up. Those that lived in the deeper holes, were eaten up by mink, coons and cranes. I was up the creek in August of this last year and there were all kinds of young fish trapped in holes that had gone dry later, and they surely did not survive. You see the Rosewall creek bed is so much higher with gravel piled up by freshets that the water goes under ground for about half a mile. It is an awful mess. Something needs to be done about it. You see the big log jam has no channel cut around and the banks are high there. A fire was in that jam and it let the logs down into the creek bed, the few fish that got by must have got by during the freshet as I was up there before the freshet and there were no fish above the log jam.

That is, most of the fish were destroyed. Here is another letter from the same woman, Mrs. Berray. I have only a few more letters with which I will detain the committee. This is addressed to me:

I am writing you regarding the Rosewall river log jams which have been causing it to flood my land and has done untold damage to my hay field. . . . I have ploughed and seeded all of my cleared land this spring as I have 18 head of cattle and two horses to feed this winter. Unless something is done during the dry season, I am in danger of losing more land and silt and gravel covering up the new seeding. There is already five or six acres of land ruined, some of it gutted out and gravel washed out and covering the rest. There is a big log jam just opposite my field which diverts the water during a freshet, over my field.

Where it jammed, the water is diverted, and where the current used to go peaceably onward it is now diverted across these people's property.

The two fishery officers, Mr. McDonald and Mr. Tait, were here on behalf of the Fisheries department and found that this log jam I mention was causing much damage to my property. On their recommendation that something would be done this summer I went ahead with my ploughing and my seeding. My brother, Mr. Kinkade, wrote you regarding this matter last winter.

[Mr. Neill.]

This woman states that it was "on their recommendation". Of course, it is only her say-so, but according to her statement it was on their recommendation that something should be done during the summer that she went ahead with her ploughing and seeding.

These are only poor people, but let us hear what the officials have to say. Here is a part of the report made by Mr. Tait, the supervisor of fisheries. I will not read the whole of it, but only what I regard as pertinent to the discussion:

The flow is being carried in two channels emptying into tidal water. These channels have been scoured out during the past year or so, but it is not certain that the main channel will continue to develop in that direction. If it does, there is imminent danger that subsequent freshets will further divert the flow across the adjacent cultivated land on the property belonging to Mr. F. J. Curran. This cultivated land is immediately adjacent to, and slightly lower than the new stream bed. This threat, which is real, is naturally causing Mr. Curran much concern.

That is the official's view of the situation. Further on he says:

Mr. Curran now suggests that the original river mouth be restored by scraping out the silt and gravel over most of the length of the silted up area. He states that he would be prepared to complete the job at a cost of $1,000 by utilizing a bulldozer which is available at a logging project nearby.

In looking into the question of flooding and erosion of land owned by Mrs. Mary Berray, I found the main cause to be definitely the overflowing of the well defined banks of Rosewall creek immediately above the bank-wide log jam, about half a mile upstream. This is the jam which was opened by the department in 1940, just sufficiently to permit the passage of salmon. During heavy freshets, the water has evidently been backed up and raised sufficiently to flood over a well defined bank which is from six to ten feet above the stream bed and part of the flow has been directed at a right angle, across a timbered flat, on to Mrs. Berray's cultivated land. Complete removal of this jam would eradicate that difficulty.

In other words, they have admitted that it was through their action that the damage was caused, and this gentleman now admits that the complete removal of the jam would eradicate the difficulty. He continues:

The situation is not good from a fisheries standpoint but it has improved to some extent. If we are to deal with this one local problem entirely from a narrow fisheries angle—

That is, regardless of consequences.

—it would be as well to let nature take its course. The stream will eventually scour into a new well defined outlet to the sea, but in doing so the greater part of the cleared farmland at its mouth will most likely be washed away, or be ruined by erosion and scouring.

Now that is not an ex parte statement at all; it is not my statement but an official's statement. Different reports have been sub-

mitted to the minister upon which he is relying, and I have just read from an official statement. Here is another, signed J. McHugh, the resident engineer employed by the fisheries department for many years, a man of outstanding ability in his line, and one whose professional reputation would prevent him from making statements which he did not believe to be accurate. Mr. McHugh says:

> There is no obstruction to the ascent of salmon at the mouth of Rosewall creek but there is quite an extensive jam from 80 to 100 feet long occupying the entire bed of the stream about one-quarter mile upstream, and it would appear an effort should be made to clear a channel around this jam on the south bank.

He goes on to say that even for temporary clearance they should spend $100 in that particular year, which was 1940. In this connection he says that the sum of $100—

> —will be required for this temporary clearance which will take care of the salmon run this season. Additional work will in all probability be necessary from year to year on this stream.

That $100 was not spent, and in fact they have done nothing since then except talk. That is the situation. While it is unfortunate that public money should have been spent, I do not blame them in that case. They did what I perhaps would have done if it had been left to me to try to remove the log jam; but instead of tinkering with it I would have seen to it that the whole jam was blasted or burned out. It would all have gone. As it is, what was done was simply a case of being penny-wise, pound-foolish. We are all apt to make mistakes, and it is unfortunate that the ratepayers should have to pay because the government makes a mistake. But are these settlers to be ruined because the department takes this attitude· "What is that to us? See thou to it."

The government, in fairness and decency to these people ought to see to it that, whether or not the present provision will allow the salmon to go up, these people should not suffer in consequence. They are responsible for what has taken place already and they should compensate the settlers or accept the offer that has been made them which I submit has been quite reasonable; because where the government speaks of $4,000 this man says he is willing to do a complete job for $800 or $900. Perhaps a compromise might be decided upon and $750 accepted. The principle that is supposed to animate the ordinary man in dealing with his fellow men should actuate the government in this matter. These people should not be squeezed simply because the government has the whip hand. They can say, "It is just too bad that the best part of the land belonging to these people, the delta land, which is very valuable in that neighbourhood, should be ruined; but what is that to us?" These people, I would point out to the minister, cannot afford to go to the exchequer court, so that if the government does not compensate them they are simply out of luck. So far as the minister's personal record is concerned, he is entirely in the clear, because the responsibility is not his. This is something that happened before his time. Nevertheless I submit these considerations to him and I hope that he will carefully weigh them. I wish to thank the committee for giving me the opportunity to bring the matter to the minister's attention.

Hon. ERNEST BERTRAND (Minister of Fisheries): So far as this ladder to which my hon. friend has referred is concerned, it is true that three ladders were built at different times but the work did not give the results which our engineers hoped it would. Recently however, at the request of the member for Comox-Alberni and of others as well, I sent the chief engineer to the district and he made an extensive and complete inquiry into the matter and returned on July 18 with a temporary report. He is advising the building of a fish pass on the side of the dam which will cost about $10,000, and we are accepting the suggestion.

Mr. NEILL: You are going to build the pass in the rock.

Mr. BERTRAND (Laurier): Yes. We are going to incur an expenditure of $10,000 in an effort to rehabilitate the fish run to the Comox watershed.

Mr. NEILL: Thank you.

Mr. BERTRAND: As to Rosewall creek, some of the letters which my hon. friend has read would not be very good if produced in court in any claim of this kind against the government because this creek runs through the mountains. Part of this territory has been deprived of timber and the water runs off very fast, carrying a good deal of gravel and silt down the river. It carries a certain number of logs and at times we have to clear the logs. Up to the present, unfortunately, the engineers have reported to the department that the damage to the land is not due to the fact that we cleared logs from the river. It has resulted from the fact that freshets bring down silt and gravel which has accumulated in one place so that to-day the water has to go under the gravel for a distance of about a mile. At all events the report of my engineers is not a complete report. All we could do would

be to contribute a reasonable amount for the rehabilitation of the creek as far as the fisheries are concerned. We would be abusing our right if we should pay for any damage resulting from the gravel that has been brought down by the freshets. I am quite sure if the hon. member went to the provincial government, under whose jurisdiction this matter comes, he would be able to get something, not for the rehabilitation of the creek in regard to the run of fish but in regard to seeing that in future these freshets do not deposit so much gravel on the borders of this creek.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. NEILL: Mr. Chairman, I have listened with keen interest to the remarks of the minister with respect to these two subjects, namely the Puntledge river fish ladder, and the condition at Rosewall creek.

I wish to thank the minister most sincerely for the attitude he has taken with respect to the Puntledge river fish ladder. I was particularly glad to hear him say that the ladder would be cut out of rock at the end of the dam, instead of being stuck up against the dam itself, where it would be just an invitation to be washed out. Cutting it in its proper place, out of the rock at the end, will ensure its permanence, and there will be no more trouble about it going out again. In gratitude for the minister's action I would use my best endeavours to see that it is locally known as the Bertrand fish ladder, and that it be made a permanent tribute to the manner in which he has dealt with the matter, using businesslike and common-sense judgment, and thereby ending a twenty-five-year dispute, through taking action which will lead to the permanent benefit of the fishing industry—an important one in that part of the country. Not only will it benefit the commercial industry, but, as I stated previously, it will add to the sport fishing; because this ladder will also be of advantage to those who indulge in sport fishing.

To come to the other matter of Rosewall creek, I must say that the minister's attitude in this connection is less favourable. No doubt he takes the attitude presented to him by his officials, that the whole trouble is the result of erosion by nature, and so on. But if I did not do it sufficiently before, I should like to emphasize now that is not so. True, the initial trouble began with an act of nature. Logs jammed, and debris caught in a narrow passage and formed what is known as a log jam. But the point I wish to emphasize to the minister is that it was a jam which was contained, as one might say, between two steep walls. There was a wall of earth or rock on both sides, to quite a considerable height. Consequently that jammed with logs. It did not do any harm, except that it prevented fish from getting through, and in time would have done damage upstream. But it would not do any harm down below where later the ground was flooded. It was partly cutting that jam out that made all the trouble.

The first government officials—and probably I would have done the same thing—did the work in the easiest way. They cut a narrow channel through the logs jammed. Whether they did it in the middle or at the side does not matter. But the result was that while they let the fish up, the logs jammed in such a position that the next freshet which came down turned it around and floated it, not in a narrow passage, not in a gully, but on to a wide flat, where there was nothing to restrain it on either side. It grounded on a gravel bar and stayed there. The gravel silted up behind it, with logs and debris and sand and gravel, and it was that that caused the trouble. I wish to start from that premise, and make it clear that that was the original source of the trouble. Had it been left alone, the flooding of these people's grounds would not have happened, because whatever further damming up might have occurred would have been on the upper side of the log jam.

Now the minister says that I should approach the provincial government and see if they would not undertake to remove this gravel. There are three good reasons against that. The first is that the province is not responsible. The second is that the provincial government knows it is not responsible, and the third is that I have already tried to do that and failed. I have tried, as I say, to get them to take action, but they know the law just as well as I do.

It is not the responsibility of the province. The province will take no responsibility, even for erosion. If a river comes down, eats into a bank, and part of a man's farm falls into the river, they will not take the responsibility. That is the law. But if the action of the river threatens to endanger a road or a bridge, the province will then take the necessary steps. There is of course what the lawyers would call the common law which prevails, that if you take a certain action you are responsible for any damage arising from that action. The province very clearly states that as the dominion caused the trouble by taking away a

piece of this log jam, instead of taking it all, it is up to the dominion government to take the necessary remedial steps.

If the minister would use his influence with the Minister of Justice to relieve me of responsibility I would feel willing to go into it, after my enforced retirement from the house, and take this man's case up to the exchequer court. But the law of champerty interferes with that.

I can just visualize what will happen. There are thirty-six acres involved. The thirty-six acres are not gone yet, but six acres are gone. The obvious result would be thirty-six acres at $300 an acre—$10,800, or about $11,000, for good will. Would it not be better for the dominion, even from a mercenary viewpoint, let alone the interests of justice and fair play to pay this man, if he is willing to take $750? He will put it into a condition that will satisfy him, and relieve the government of any responsibility further in the matter. Would it not be better to do that than to drag along the weary course of an exchequer court action, and probably get soaked for $10,000 or $11,000? —because the evidence is conclusive. I will not say it is damning, but it is final and conclusive, as disclosed by the information I have here. Even the government's own officials have admitted that they have done this, and they have admitted that the results are so-and-so. And these are admissions made by officials of his opponent, so to speak.

Scripture says, Agree with thine adversary quickly while he is in the way lest he turn and rend thee? Would it not be better to give these people this meagre portion of their rights, or remove the trouble, than that the department should get stuck with litigation and perhaps have a $10,000 verdict rendered? I do not appeal to the minister in that form, because I think he is a man who would rise superior to doing things in the cheapest way. That might appeal to some of his officials. I appeal rather to the minister's sense of fair play, which I have seen exercised in several instances since he has held office in his department.

The government is morally—I think legally, but we will drop that—the government is morally responsible for the damage. It is a continuing damage which will go on and on until the whole of this flat land disappears. I submit it will be only fair and just either to do the work themselves, or to accept the offer this man makes. I cannot do more than I have done to appeal to the minister along these lines. I do hope he will take that sort of view I would expect fom a man who has shown his ability and fair-mindedness in the office he has occupied.

Mr. BERTRAND (Laurier): I believe I said everything I have to say before the hon. member spoke. As I told my hon. friend a few minutes ago, the chief engineer is just back from the west after making a study of this question as well as other matters. I have not seen him as yet. He had to go down east, he went out west, he came back here and now he is away for a few days. I will see him and get a verbal report, and if there is anything we can do legally or equitably it will be done.

Mr. REID: When the fisheries estimates were last before the committee the discussion centred more upon the fisheries in the maritimes than upon those on the Pacific coast, but this afternoon we are dealing with the Pacific coast fisheries. As the minister knows, but as perhaps many hon. members are not aware, fishing conditions on the Pacific coast are quite different to those in the maritimes. I have one or two matters I should like to bring up, although I do not know whether they come under this item 73 dealing with fish culture.

I refer first of all to the depleted condition of the cod fishing grounds on the Pacific coast. I have before me an article which appeared in the *Commercial Fisherman's Weekly* and which perhaps explains the matter much better than I could do it. This article reports an interview with Clarence L. Musclow, a cod fisherman of fifteen years' standing. I quote:

"The fishery in the lower gulf is all but ruined," Musclow, in Vancouver last week preparing for his sixteenth cod fishing season, stated. "Even on the grounds which have not been fished by the regular cod fishermen, stocks are killed off. Places which in earlier days were good for 2-3,000 pounds of cod, now yield nothing. Excellent fishing locations adjacent to the international boundary produce only one-half of the quantity taken formerly.

"Even the outside grounds, as off the Vancouver island west coast, are depleted," Musclow continued. "At Swiftsure, fishermen were once knee-deep in lingcod and moved off to get rid of them. The same story is heard closer inshore."

Fishing practices in the past are largely blamed by Musclow for the present condition whilst at the same time he deplores the lack of scientific facts concerning the cod fishery and the slowness of current investigations.

He goes on at considerable length, but I shall not take up the time of the committee to read the entire article. I believe the statements which he makes should be considered seriously by the minister and his departmental officials. The following article which appeared in the Vancouver *Sun* may interest hon. members. I shall read only a part, as follows:

Years before the war, the cod fishermen supposedly operated on three cents per pound. The

Japs virtually controlled the cod fishing industry, and 90 per cent of their membership lived on rice, fish, seaweed and Jap sauce, and assiduously sent their money back to their homeland to help build the military and naval equipment that raided Pearl Harbor, Singapore, et cetera.

When these proteges of the three cents per pound fishing operatives were liquidated from the industry a few years ago and the Canadian fishermen finally inherited their own fishing grounds, they found the local codfish grounds 75 to 90 per cent depleted. Whereas the Jap could go out and catch from 500 to 1,500 pounds of cod in a day, the cod fisherman is lucky now to average 100 to 150 pounds per day.

I can vouch for those statements, because I remember when many years ago I first went to live on the gulf islands between Victoria and Vancouver anyone could go into any of the bays and get sufficient cod for the needs of his entire family. It was not long before the Japanese started fishing in those bays, and within three years there was not a cod fish left. They fished day and night until the cod fisheries were entirely ruined. The complaint is being brought up to date by this article which appeared under the name of Musclow. Because of this article and other representations which have been made to me I bring the matter to the attention of the minister and ask him to have a complete investigation made into the depletion of the cod fisheries on the Pacific coast.

Mr. BERTRAND (Laurier): For the last several years the fisheries research board has been making an extensive study of the lingcod question and they are still proceeding with their investigations. Just recently the regulations were changed in connection with the lingcod. First, we stipulated a minimum size. Second, we prohibited the use of trawl nets in certain areas where the lingcod seems to be scarce. Third, we are stopping the issue of licences for sunken nets to catch dogfish because while they catch dogfish they also catch quite a lot of lingcod. The cod is one of the most edible fishes we have on the west coast and we hope to be able to reestablish these fisheries as they were before depletion.

Mr. NEILL: On September 11, 1942, the government passed an order in council providing that finnan haddie will mean a combination of smoked haddock, smoked cod, smoked hake and smoked pollock. This was to amend the regulations dealing with canned fish. It reminds me of the man who advertised, I think it was in Paris, that he had for sale a combination of horse and rabbit. When he was asked what that indicated, whether it was fifty per cent horse and fifty per cent rabbit he said, "Yes, it is made up of one horse and one rabbit." Smoked finnan haddie has been known throughout the world for as far back as we can remember, and it has a certain reputation of its own. I am speaking only of the canned product, not what is sold in the salted form. That is another story by itself, which I will not go into. I wrote to the government protesting about this matter. I would not have brought this up now because I got my answer and I did not see what more could be done about it. However, since then the trade discovered that my protest was absolutely justified.

My protest was that it was not reasonable or fair, either to the consumer, to the fisherman or to the in-between man, to say that smoked finnan haddie meant something different from what the name implied. The government was saying that it could be smoked cod, smoked hake and smoked pollock. As a rule those fish are inferior to the well known finnan haddie. I asked the government about it and the answer I got was along these lines, that the Meat and Canned Foods Act governs the labelling of canned fish and requires that a true and correct description of the contents of the cans be shown on the labels. It goes on to say:

> In view of representations that the pack of canned "finnan haddies" could be considerably increased to meet the existing demand if permission were granted to include smoked haddock, smoked cod, smoked hake and smoked pollock in the canned product known as "finnan haddies", approval was secured for the definition referred to in order in council P.C. 8167.

So that when the housewife goes to buy what she thinks is finnan haddie and used to have confidence that she was getting smoked haddie, she may be getting smoked pollock, or ninety per cent, or eighty per cent, or thirty per cent smoked pollock, or a combination of smoked pollock, smoked cod, smoked hake and these other fish. Smoked pollock is an inferior fish. I forsaw the result and it has come to pass. The general public thought that they were being fooled. They would go to the store and buy what they thought was smoked finnan haddie and find when they opened the can that it was eighty per cent hake or pollock, and they would not go back and buy any more. Naturally it has hurt the popular demand, because once people are deceived they will not buy again. Pork and beans is a well-known product, but if you put out tins marked "pork and beans" and they contained beef and carrots, where would the demand for pork and beans be? There are people who like pork and beans, but when they buy what they think is pork and beans and find that the can contains other things than pork and beans, the demand drops off.

That is what has happened with finnan haddie. The demand for it by those who like to eat finnan haddie has dropped off. Some people call this combination which they bought, thinking it was finnan haddie, "cat food." It is an insult to the Scotch origin of finnan haddie to suggest that anything connected with finnan haddie is cat food. The result will be that after the war the demand for canned finnan haddie will drop off.

I cannot understand why a government which says that the Meat and Canned Foods Act requires that a true and correct description of the contents of the cans be shown on the labels allows this to be done. Is the description on the can a true and correct description? No, it is not. When you buy canned finnan haddie nowadays you are buying a sort of grab bag proposition. You may get what you think you are getting, and you may not. You may be getting some inferior fish, less or more of it, as the case may be. I suggest that the minister should look into this and see if it is not too late to put the thing back in its original form. If people want to buy smoked pollock, by all means let them do it, but do not allow smoked pollock to be called something else. Do not let people call a horse a rabbit when it is not.

I was so hopeless of getting any action when I first took this up that I dropped the matter, but I have heard through business channels the demand for so-called finnan haddie is dropping. I wish the minister would give the committee the assurance that he would look into this matter. He does not need to take my word; let him go to those who are engaged in the business. The housewife thinks she is getting canned finnan haddie, and when she finds that it is not finnan haddie at all but smoked pollock or smoked hake or a combination of these other fishes, she feeds it to the cat. The cat may also get fussy after a while and it too may object.

Mr. REID: The minister may remember that a great many fishing vessels were taken out of the fishing industry in British Columbia by the military authorities, army, navy or air. Complaint has been made about the depletion of the fishing fleet in many districts. How many boats have been returned to the industry in the last year or two, and how many new ones have been built?

Mr. BERTRAND (Laurier): There have been about fifty boats returned, some of them very recently.

As to haddie, chicken haddie is a trade name which is used to represent flaked fish. I may say that we are allowing what the hon. member for Comox-Alberni calls cat food to be called chicken haddie at the request of the trade. I understand that they are pleased with their new product and that it is selling very well. If we ever learned that it was hurting the trade, we would repeal the order, but the information we have up to now is in favour of keeping this product on the market.

Mr. NEILL: I was afraid that the minister would take that up wrongly. I was not talking about chicken haddie at all. Chicken haddie, as the minister says, is a trade name. I wrote to the minister some time ago and I see that I said in my letter:

> Chicken haddie means canned haddock or cod or hake or cusk, or any combination of the above.

Chicken haddie is an entirely different product. I was not talking about chicken haddie at all to-day. Chicken haddie is a trade name, just like chicken halibut is. Chicken halibut means halibut, not of an inferior grade, but below a certain size. Inasmuch as it is a trade name, you cannot take any exception to it. If a firm adopts a trade name you know what you are buying, and you get the thing described on the can. But this is a different order in council passed at a different time. It says:

> "Finnan haddies"—
>
> Not chicken haddies.
>
> "Finnan haddies" means a combination of smoked haddock, smoked cod, smoked hake and smoked pollock.

The contents are not the same at all because chicken haddie means a combination of haddock, cod and hake, or cusk. I do not know just what cusk is. I was not quarrelling over chicken haddie at all because that is a trade name and you know exactly what you are buying. But when you buy what is supposed to be canned finnan haddie you are getting something that is not finnan haddie. It is a deception of the public and ultimately will be ruinous to the trade because people will discover that they are being deceived and will not buy it again. It is unloading something on the purchaser which is not what it pretends to be. It may be all pollock, or haddock, or hake, or a combination of them. There is no guarantee as to what percentage of finnan haddie you will get, and it will ruin the trade eventually for canned finnan haddie.

Item agreed to.

75. Fisheries Research Board of Canada, $280,000.

Mr. HANSON (Skeena): I want to compliment the minister on his administration of the fisheries on the Pacific coast. I should like to ask to what extent the salmon fisheries

in the Skeena and around the Queen Charlotte islands have been reestablished. I know that the department did some research there last year. What have been the results?

Mr. BERTRAND (Laurier): The increase this year, as hon. members may see, is $42,000. The break-up of this amount is as follows: $25,000 for the Skeena river sockeye salmon investigation. The research board is making an investigation in the Skeena river and tributaries, and the biologists with the party are now at these waters studying the reason why there is such a depletion of sockeye. We hope to be able to restore the sockeye catch to what it was previously. I am told by the scientists that the reduction may be due partly to the great number of rainbow trout in the lakes. Last summer a party went to Babine lake to examine the situation and caught a number of rainbow trout. They ran up to fifteen pounds apiece, and quite a number of small salmon, running up to fifty, were found in the stomachs of every one of them. As the numbers of these trout have increased greatly in recent years it may be necessary to have some of them removed, but the report has not yet reached my department. The fisheries research board is studying very seriously the question, and we hope to be able to restore the sockeye fisheries of the Skeena river.

We are spending $10,000 on the prairie provinces fisheries investigation. An investigation is going on concerning the tullibee and the whitefish. We have in mind the establishment of a biological station for the prairie provinces. A chief biologist has been appointed; his name is Doctor Doan; and two parties are at these waters to-day studying the question.

There are a certain number of problems which are very difficult to handle, but we hope very much to be able to give great assistance to the fishermen in regard to these valuable fisheries. I would not like to say too much on this matter because it might not be good for the trade.

We are to spend $3,000 more on the investigation of the Irish Moss gel and carry on additional scallop, crab and lobster investigation; and $2,000 on the development of new inspection methods and fish plant sanitation; and $2,000 to provide for annual increases.

Mr. HANSON (Skeena): Can the minister state whether any investigation is being made concerning the pink salmon?

Mr. BERTRAND (Laurier): I am informed that, though no investigation is going on now, for ten years there has been an investigation concerning the pink salmon. We have had reports following these investigations but we have been unable to find any easy way whereby the supply of fish can be restored when it is depleted. It is a big job, not similar to an agricultural problem. Sometimes it takes years of research before it is possible to find the reason why fish are taking to some other areas.

Mr. REID: I should like to add my word to that of the hon. member for Skeena regarding the need for further investigations as to pink salmon. I was wondering whether the fisheries research board has ever come to a final conclusion regarding any of their investigations. A large sum of money is voted by parliament every year, but very little interest is taken in the house in what is being done by them. I know that there has been some investigation with regard to the pink salmon. The fact of the matter is that the runs of pink salmon are growing less and are getting to a low level alarming to the fishermen. The fisheries research board has made investigation in regard to this one variety, but have they come to any final conclusion or made any definite recommendations? I should also like to know whether they have come to any conclusion on any of the investigations which they have made on other varieties of salmon or fish.

Mr. BERTRAND (Laurier): The trouble is that the pink salmon is a run that occurs every other year in the Queen Charlotte islands. One year they are plentiful, the next year they are not. We have gathered a certain amount of data which is valuable, but we have not been able as yet to restore the odd year deficiency, and we cannot say that a definite conclusion has been arrived at, because we do not know and we have found as yet no reasons why they do not come in the odd years.

Mr. REID: Have they made any investigation about the dogfish carcasses? It has got to a point on the Pacific coast that hundreds of tons of dogfish are being dumped without anything being done with the carcasses. They take the livers out of dogfish for vitamins. Somewhere around three hundred boats, mostly from the United States, are fishing off the west coast of Vancouver Island, and so great has the menace become by the dumping of hundreds of tons of dogfish carcasses on the beaches that the fisheries are being ruined. Have the fisheries research board or the department looked into this matter? It has alarmed the fishermen out there. One writer says:

At a time when federal authorities have asked every Canadian citizen to do his utmost to conserve all fats and oils; when the nation's increased meat and poultry supply programme has been endangered through mineral and protein supplement shortage, the loss of millions of pounds of fish meal by throwing overboard dogfish carcasses from which the livers only have been taken, is inexcusable.

Canadian fishermen and reduction plant men are incensed over the great loss. They reckon that in 1943 almost thirty-six million pounds of dogfish went to sea bottom or were dumped on the beaches. It is true that this fish is not eaten by human beings in this country, but surely some value can be found for it, and I have been wondering whether any investigation has been made by the fisheries research board as to the real value of the dogfish.

Mr. NEILL: I should like to say a word on that. I can recall, and no doubt the hon. member for New Westminster can too, when dogfish were the most unpopular things in God's world; anything that could be done to get rid of them was welcomed, because they are horribly destructive of nets, they go through the salmon nets and they will eat salmon too. But suddenly it was discovered during the war that their livers had a value for their oil content, and as the hon. member says there has been a large development of that trade. I am afraid the condition of which he complains is one of those things which cannot be helped. He talks of the carcasses being dumped on the beaches. I would imagine that that would be due, not to their being dumped there but to their having come ashore there, because a man goes out fishing in a comparatively small boat, and when he catches a dogfish he cuts the liver out of it and puts it in a tin and throws the carcass over then and there, and probably it would be eaten by other dogfish, because they are cannibals. But the carcasses which the hon. member says are found on the beaches presumably float there. The fishermen's boats hold only two or three tons each, and to take two or three tons of dogfish to the beach and cut them open there would be a waste of time and space. What they do is cut the liver out then and there when the dogfish is caught. It has been suggested that instead of doing so they should be compelled to take every carcass home. The result would be that the amount of dogfish one man could catch in a day would probably be limited to a ton and a half to two tons, and he would have to go quite a long way to a reduction plant which would take the carcasses, and all the fisherman would get would be three or four dollars a ton. In the old days when times were bad they used to catch them—I know the Japs did—and sell them to the reduction plants in the winter time. But it was very arduous work and they got only a small wage. They were glad to abandon that work because it proved more profitable to take out the livers, the flesh not being worth anything.

It can be readily understood, of course, that fish that feed on dead bodies would not be palatable, so that flesh would have no market value except for fish meal. Nowadays we have developed a system of catching pilchards, which come in great numbers and which can be more readily, and I might add, more agreeably caught, since it does not involve the same hardships. They are taken to the reduction plants. So that the demand for dogfish would be small indeed and it would not pay to catch them, and the regulation would be most prohibitive if they were compelled to take the carcasses in because the only place where they could be sold would be at reduction plants scattered far and wide, so that they might have to go a hundred miles and more to get to a plant. It would not pay them. It would kill the industry. The liver contents are badly needed, but nothing can be done in the meantime. I think there would be a greater gain from the money obtained from the liver as against the loss of the body, which is of no edible value.

Mr. REID: There is another aspect of the matter I overlooked. On the one hand you have five or six million pounds of fish meat, and on the other you have five or six million pounds of dead fish which, the fishermen say, destroys the fishing ground. It is said on good authority that within two hours of the dogfish carcasses being dumped into a bay, the live dogfish and the cod leave the bay entirely. That is something for the fisheries research board to look into. They might ascertain whether the dumping of dogfish into a bay does result in driving out from the fishing beds the other dogfish and codfish.

Mr. BRYCE: I congratulate the ministry of fisheries on its intention to set up a research station in Manitoba. This will greatly benefit the northern lakes of that province. The minister knows quite well the difficulties we have had there, catching fish and sending them to the United States boundary only to find that the fish were not acceptable there, so that they became a dead loss. I am quite sure that the establishment of this research station will overcome that difficulty and will get to the bottom of the grievance that exists in the northern lakes. I think the minister

knows what I am referring to, and I do not wish to give it more publicity than is necessary. I would point out to him an ideal situation for this research station. At the mouth of the Red river there is the town of Selkirk, which is an ideal station, because we have cheap electric power, a great deal of water and accommodation for employees that are likely to be engaged there, and it is adjacent to the capital of Manitoba. There is good service by bus and there is a good pavement. There are quite a few fish-packing concerns there which could work in with a research station.

Mr. MARTIN: Does the hon. member like Winnipeg goldeye?

Mr. BRYCE: If the hon. gentleman wants to make a speech I am quite prepared to sit down. I am not in a hurry; I can wait until later.

Mr. MARTIN: I was asking the hon. member facetiously if he liked Winnipeg goldeye.

Mr. BRYCE: I am sorry; I apologize to the hon. gentleman. Lake Winnipeg and lake Manitoba are the largest lakes out there and are quite close to Selkirk. There are also facilities for working on samples in a laboratory there. I hope that the minister will remember Selkirk when he is establishing that station.

Mr. FULFORD: There is a persistent rumour that Atlantic salmon are being planted in the tributary waters of lake Ontario and in the upper regions of the St. Lawrence. Is that simply a rumour or is there truth in it?

Mr. BERTRAND (Laurier): First, in reply to the hon. member for Selkirk (Mr. Bryce), I may say that we have not decided yet where the biological station will be, but we are looking into all these matters and the station will certainly be placed advantageously as recommended. I understand that it is important that the processors, the fishermen and the fish should be able to meet at the same place for the purposes of the biological station.

As regards the question asked by the hon. member for Leeds, the department has nothing to do with the planting of salmon in lake Ontario. I know that one of the provinces, I am not sure whether Ontario or Quebec, has had articles in the newspapers to the effect that they would try to plant Atlantic salmon along the St. Lawrence. Years ago salmon were plentiful in most of the rivers tributary to the St. Lawrence up to Lachine rapids, but to-day they have disappeared. I know it is being done, but not by my department.

Mr. CASTLEDEN: Has the department any publications on research that has been done into fish diseases in the northern lakes and the great lakes?

Mr. BERTRAND (Laurier): We have a private report from Doctor Miller which is quite interesting. It is a scientific report, but we do not intend to publish it. It deals with fish diseases. If the hon. member wishes to see it I shall be pleased to show it to him.

Mr. CASTLEDEN: Are they continuing this work and trying to remedy the situation?

Mr. BERTRAND (Laurier): Yes. They are continuing the work and we are sure to make some progress, if not improving the situation at least in regulating the trade so that the commodity will be acceptable to importing countries.

Mr. MacNICOL: I support what the hon. member for Yorkton (Mr. Castleden) has said. I presume he is referring, when he mentions the northern lakes, to lake Athabasca and Great Slave lake. I brought up this question a few years ago—

Mr. BERTRAND (Laurier): Last year.

Mr. MacNICOL: Perhaps it was before the minister's time. I had just been up there and learned about that skin disease, and the minister at that time assured me that it would be cleared up promptly. Has it been cleared up?

Mr. BERTRAND (Laurier): I remember that last year the hon. gentleman drew my attention and that of the committee to Great Slave lake and lake Athabaska. We have a party at work there now, a biologist and three or four men, who went out two or three months ago and are in the field now. I do not think anything can be done commercially at least during this year, or until the end of the war, but at least we have a biologist there studying the question.

Item agreed to.

77. To provide for Canadian share of expenses of the international Pacific salmon fisheries commission under treaty between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser river system, $42,000.

Mr. REID: There is one matter I should like to place before the minister, which is dealt with in a resolution passed at a meeting held in Victoria this year. Perhaps I cannot do better than read the resolution itself:

At its meeting held in the city of Tacoma, Washington, in April, 1944, the Pacific Northwest Trade Association requested the governments of Canada and the United States to give

immediate attention to the adequate protection of the Pacific coast fisheries of the two nations. These nations have spent many millions of dollars, have imposed many restrictions on their fishermen and fishing vessels, and have created two international commissions to preserve and develop these coastal fisheries, yet much of this expenditure will have been wasted and much of the effort lost unless these fisheries are protected for an adequate distance off-shore against the encroachments of Japanese or nationals of other countries than the United States or Canada.

Now, therefore, be it resolved: That this association now meeting at Victoria, British Columbia, this June 27, 1944, again calls the matter to the attention of the two governments, again points out the necessity for prompt and effective action being taken, and urges that the consideration of this important Pacific coast problem shall not be confused with the divergent problems of the Atlantic, or any other region, but be dealt with as a separate and distinct problem which can and should be considered upon its own merits, and at once.

Mr. NEILL: Who is asking that?

Mr. REID: The Pacific northwest trade association.

The Fraser river basin is one of the most valuable fishery spawning regions in the world, and is frequented by all varieties of Pacific coast salmon as well as by other species of fish, yet in the creation of the international Pacific salmon fisheries commission, by treaty between Canada and the United States, the powers of that commission were confined to dealing with sockeye salmon alone.

For the information of hon. members may I say that five varieties of salmon frequent the waters of British Columbia, and of these varieties only one, namely, sockeye, is under the jurisdiction of this international commission. In this resolution this association asks that all varieties come under its control for investigation, research, protection and rehabilitation.

Now therefore, be it resolved: That the governments of the two nations be urged to amend the treaty referred to so that the commission created thereby shall be authorized to deal with all varieties of salmon, and any other valuable commercial fish which are found in the Fraser river basin.

Too often in the past hydro electric, irrigation and other construction projects have been planned without consideration having been given to their effect on important fishery resources, although in many instances, it would have been possible that had such considerations been given the one might have been developed without harm to the other, and although, in some instances at least, it was doubtful whether the project was of greater economic value to the public at large than the fishery.

Now, therefore, be it resolved: That before any hydro electric, irrigation or other construction project be authorized which may seriously affect any substantial fishery, either recreational or commercial, a careful survey should be made by some disinterested public agency to determine the actual and relative values of such project, and such fishery and that every endeavour be made not to sacrifice the one for the other, or, in any way, to prejudice the general public interest.

Be it further resolved: That before any hydro electric, irrigation or other construction project which affects an existing fishery be authorized, it should also be mandatory that the provincial or the state or other government having jurisdiction over such projects notify its respective fishery department of such prospective projects in order that adequate investigation of any fishery involved may be made before there is any commitment, direct or indirect, or authorization of such projects.

May I interrupt for a moment to say that we expect that hydro-electric development on the Fraser river to take place in the future. The whole British Coumbia watershed has been surveyed and mapped out with that purpose in mind. The fisheries commission do not take the stand that there shall not be any hydro electric development. They do say, however, that before any such hydro development is proceeded with or any dams constructed, consideration should be given to the possible effect of such development on the fisheries. Mention has been made from time to time of the fishways which have been built in the great dams on the Columbia river, some of them costing as much as seven or eight million dollars. Hon. members may be interested to know that although these fishways are presumably successful, the fact is that the Columbia river fisheries are going down year by year, and I believe independent observers would say that in time the construction of these dams across that river may mean the destruction of those fisheries.

Mr. POTTIER: Do the fish keep going up the fishways?

Mr. REID: Yes, they do, but the young fry have to be brought down again, and that has not been entirely successful. The fish can go up above the dams and spawn, but the young fry coming down again have met with difficulties. So that year after year those fisheries have been going down, and competent observers say that if some further steps are not taken the fisheries of the Columbia river may be completely destroyed. That is the reason for the warning coming from this association, that when hydro-electric development on the Fraser river or its tributaries is under consideration, care be taken to see that the same thing does not happen there. We are not taking the stand that there shall not be any hydro-electric development, because we realize that as the population of the province increases there will have to be some development along these lines.

Mr. O'NEILL: I listened with a great deal of interest to the hon. member for New Westminster, who apparently has approached this

question pretty much from the sole point of view of the fishermen, who say nothing must be done that will destroy the salmon fisheries. But there are other people in the province of British Columbia who are just as anxious to see that we do not make the whole interior of the province and all the tributaries of the Fraser river a spawning ground for salmon. For many years the people of Kamloops have looked forward to the day when power would be developed on the Adams river, which is one of the tributaries of the Thompson, which in turn is one of the tributaries of the Fraser, and so undoubtedly will be considered one of those streams upon which hydro-electric power must not be developed if such development would by any chance interfere with the salmon fisheries. While I am in sympathy with the demand of the fishermen that their fishing grounds should not be destroyed, on the other hand it does seem to me, to use a railway phrase, that we have been asleep at the switch in this country. We have permitted our great neighbours to the south to erect barriers on their rivers in order to develop power, and practically to destroy the salmon fisheries of the Columbia river; and now, to make sure these salmon fisheries are maintained as much as possible, you are going to make the interior of British Columbia a spawning ground for salmon for the benefit of the fishermen of the Fraser river and also the fishermen of the United States. It does seem to me that the farmers, and those now living in the interior of British Columbia, who have waited for years and years for power developments, are now to be denied the benefits of that electrical power on their farms because it may interfere with the salmon fisheries.

There are a lot of things to be taken into consideration besides fisheries. If provision can be made under which these tributaries may still be used as spawning grounds for salmon, without interfering with hydro-electric development, then I would be quite prepared to discuss the question. But if it must be discussed from the point of view that it shall not interfere with salmon fisheries, then I am not prepared to discuss it at all. If it can be considered from the other point of view of developing power on these rivers without unduly restricting the salmon spawning grounds, all well and good. But I suggest to the Minister of Fisheries that when this question is being discussed the rights of other people, besides salmon fishermen, must be given some consideration.

Mr. REID: I do not know if the hon. member for Kamloops heard clearly the remarks I made. I was careful to point out that the Pacific salmon fisheries commission

[Mr. O'Neill.]

realized fully that there had to be hydro-electric power development. If the hon. member was paying any attention to the resolution I read he would know that very point was emphasized by me. I am not altogether surprised by the hon. member's remarks, because only a week or so ago a debate took place in his city in regard to an old dam which was constructed long years ago by a logging company. That dam is at the entrance to a lake known as Adams lake. It has been in disrepair for I do not know how many years. For the past twenty years it has not been used by the logging company. When it was built and operated by the logging company there was a fishway through it, into Adams lake—which, by the way is a lake with at least eighty miles of spawning grounds available. No great difficulty was experienced in those years by the fish. The logging company, however, has now been carrying out its operations by truck. Over the course of years the dam has fallen into disrepair, and for many years salmon coming to spawn there have been unable to get past. So that the fisheries commission in its investigations, after looking over the matter, sought the removal of this dam. They were not seeking the removal of hydro-electric development. Rather they were asking for the removal of a dam which had not been used for twenty years and which was a menace to the salmon going to the lake. Those are the facts of the case.

As I said, there must be development of hydro-electric power in British Columbia, and there must also be development of our fisheries. The two must go hand in hand. My warning to the government and the country is that from a fisheries point of view we cannot sit idly by and see the power companies erect dams irrespective of whether they kill the fish or not, as happened across the line.

Mr. NEILL: Mr. Chairman, we have heard the view of power versus salmon ably presented by the two hon. members who have just spoken. There is a great deal of truth in both arguments. With reference to the situation in respect to dams, of which the hon. member for New Westminster spoke—a dam which has been a menace to fish for twenty years, and for which no one would admit responsibility—might I say that that could easily have been settled. As a matter of fact we had the same condition in my district. There was no possibility of its being used for power purposes, and it was a menace to salmon coming up. Therefore I gave a good friend of mine five sticks of stumping powder—and that was the end of that; and it saved a lot of trouble.

If I heard the hon. member for New Westminster correctly, he read a resolution passed by a body with which he is connected stating that these things should be investigated. There is no doubt that they will have to be investigated, having in mind the greatest good to the greatest number. It will be found that in some rivers it will be necessary, and perhaps advisable, to let the fish go and to proceed with the power development. In other cases it might be the other way round—that the power development would not be substantial, and that it would be more valuable as a fishing area. For instance it would be inconceivable to abandon the Fraser or Columbia rivers entirely as sources of fish, because they are perhaps two of the greatest fisheries rivers in the world. It ultimately boils down to this, that the choice must be made as to which it may be advisable to drop. Perhaps it might be wise to keep the power development in certain rivers, or perhaps the tributaries of those rivers, and leave the fish in other rivers—that is, in other cases it would be the other way round.

I wish now to speak about another point to which the hon. member for New Westminster referred, and to which reference was made by the association for which he speaks. While I did not hear him clearly, I did gather he was pointing out that there was some danger of attacks being made upon our fisheries, not in the rivers themselves within our territories, but outside the rivers.

Mr. REID: Outside the three-mile limit?

Mr. NEILL: Yes, outside the three-mile limit. While the condition has not been the same since the war, there was a pronounced and clear case a few years ago. Fish have peculiar habits. There is not one fish for every square yard or for every ten square yards in the ocean. Fish travel in well-defined movements. Aircraft, looking down, can spot these movements just as they can spot submarines. The conclusion is that they can be seen hundreds of miles off shore. The particular case I have in mind was in connection with the development at Bristol bay, where the Americans get large quantities of fish. It is up in the Alaska area, and the Americans take enormous supplies of fish out of there. Well, it was discovered that our oriental friends, the Japanese, with their usual astuteness, had cleaned out the greater part of their own area—because a Jap's idea of fishing is to take the last fish and the last fin out of an area, whether it is his own or anybody else's. So they go and beg, borrow or steal somebody else's fish. He had depleted his own fisheries and he was then engaged in depleting the fisheries he had leased from the Russians, and saw the possibilities in the excellent waters of Bristol bay.

It is generally recognized—I do not know as to whether there is any international law on the point—that the territorial waters or rights of a nation shall extend three miles beyond its coastline. And I believe it is further recognized that that distance shall be computed from the headlands—that is, one would not compute it from a deep bay, but rather from headland to headland. The Japanese, probably keeping within the law, came up there and ran a big mother ship for canning salmon. Then they spread a net—I have heard it was 200 miles long; I do not know if that is correct. However it is said they ran an enormous length of net, sufficient to run practically across the mouth of these Alaskan waters. They kept far enough out so that they could not be interfered with under territorial waters regulations, and yet sufficiently close to get the benefit of the fish going into those waters.

If they could do it there, then it would be only a short time before they would do it lower down and cut off our supply going to the Fraser river. The United States made a protest in a friendly way, as one friendly nation to another, stating that the Japanese were not playing the game—even though perhaps they were keeping within their actual rights. After all, these were American fish spawned there, taken care of, and protected. The Americans would not let their white fishermen take these fish, except at certain times, in order to protect them. And it was just a little bit too strong to see the Japanese come along and clean up the whole output. The Japanese replied with their usual courtesy and said that they were sorry but the Americans were mistaken; they were not trying to take salmon, they were simply prospecting for crabs. They had taken out this large ship, equipped it with canning appliances, and all they were doing was prospecting for crabs. They were so sorry that the Americans, their good friends, would even suspect that they were capable of doing anything that might be considered an unfriendly act, the Americans whom they loved so much and continued to love until the last minute before Pearl Harbor.

The Americans were not fooled, and they replied in like manner. They said they accepted the statement and the assurances of the Japanese, they were quite sure they were sincere when they said they were only prospecting for crabs, but unfortunately or fortunately they sent an aeroplane up. It came down low enough to the mother ship that they

were able to see the names on the cases of salmon that were being packed and it therefore looked as though the Japanese government had been mistaken in saying that they were prospecting only for crabs. The Japanese government then reiterated their assurances of devotion to the United States and so on; they said the Americans must have been mistaken and anyhow they had given orders it was not to be done again.

Of course it was continued. This was just about a year before the war. The United States fishermen got a little tired of using diplomacy and they decided to help themselves. They sent down to Seattle for a couple of hundred rifles and they said that when they got those back they would settle the situation by more drastic and practical means. Then the war broke out and that was the end of the matter for the time being.

As the hon. member for New Westminster has pointed out, we should negotiate an agreement with the United States similar to the one in connection with the Columbia river salmon. It could cover not only the sockeye but other varieties of fish. I urge the government to consider seriously this aspect of the matter. There is no doubt that the Japs were legally within their rights. It was suggested about that time that a ship was coming out from Norway for the same purpose. The United States government made friendly representation and the thing was stalled off for the time being. But the question will have to be faced sooner or later. Some people will say that it can be done by having a gentleman's agreement or by some other means to extend the territorial waters of Canada beyond the three-mile limit to what is known as the continental shelf. But there are objections to this method because the continental shelf varies. At some places it is quite close to Canada, and at other places it is a considerable distance away. I do not think the problem can be met in that way. It seems to me that the solution is in having an agreement with the United States along the lines of the one in connection with salmon. As soon as the war is ended the Japanese will again be in a position to do this, or it may be the Norwegians or someone else. They will come here and take advantage of the millions of dollars we vote year after year protecting the birth and early life of the salmon. Are we going to sit down and watch them take these fish by putting down nets beyond the territorial limits?

I do hope the minister will take note of this. This thing needs investigation and it needs foresight. We are on terms of good friendship with the United States at the moment and now is the time to make an agreement of that kind.

Mr. CASTLEDEN: To what extent does this item number 77 duplicate the $1,000,000 item in connection with the fisheries commission?

Mr. BERTRAND (Laurier): This item is only for the maintenance of the commission, whereas the other item is a capital expenditure for the building of a fish pass at Hell's Gate and to provide means of overcoming other obstacles.

Mr. CRUICKSHANK: We are fortunate in having three members from British Columbia who know as much about fishing as any other members in this house. I am not one of them, but Hell's Gate happens to be in my riding. The hon. member for New Westminster, the hon. memebr for Comox-Alberni and the hon. member for Skeena have a thorough knowledge of the fishing industry. I want to say a word about the hon. member for New Westminster. I think he knows more than the other two hon. members because he comes from a riding which is next to mine. As Hell's Gate is in my riding I am much interested in this matter. I want to pay my tribute to the hon. member for New Westminster, and when I do that I think I speak for the fishermen of British Columbia, certainly for those in my riding. The work carried on by this commission, of which he is a member, has done considerable for the fishing industry of British Columbia.

A short time ago the hon. member for Comox-Alberni referred to the benefits accruing to the country from the fishing industry. If my memory serves me rightly, the value of the fisheries in British Columbia alone in 1941 amounted to $21,000,000. The benefits from that production accrue to the whole dominion.

This commission has done excellent work. I think the principal reason for that is that the two leading technical men in the commission come from my riding. The deputy minister of fisheries does not exactly come from my riding but he showed excellent judgment in marrying a lady from my riding. His chief assistant does come from my riding.

I do not think I have any more to say on this matter except that I hope there will be no question at all about passing the $1,000,000 vote. This is a small matter when we consider the value of this industry. If I am not mistaken in my figures, on the basis of the prices received last year and the run of 1913,

the value of this production in British Columbia alone would be $40,000,000. Surely we can afford to pass this vote.

Item agreed to.

78. Grant to the united maritime fishermen's association, $3,000.

Mr. POTTIER: On June 30 when the minister's estimates were before the committee he referred to the brief presented by the united maritime fishermen's association, and in referring to it he said, as reported on page 4416 of *Hansard:*

The brief presented to us by the united fishermen says that they do not want the unrestricted use of **trawlers, meaning that they** do not want the trawlers to fish anywhere. We are going to see, through the system of granting a licence, that the trawlers fish far away from the shore.

I think the minister has misinterpreted the brief presented by the united maritime fishermen's association. Their brief reads:

Clearly then the unrestricted use of trawlers is inimical to the interest of the inshore fishermen, and on behalf of its members this association must continue its opposition to them.

The unrestricted use to which they refer there is not only the unrestricted use of the fishing grounds but unrestricted use in so far as the number of beam trawlers is concerned. It is important that we be seized of that difference. The reason why the united maritime fishermen are opposed to the beam trawler is that it affects a large number of fishermen, and an increase in the number of beam trawlers tends to put fishermen out of business and centralize the industry in two or three places in Nova Scotia, Halifax and Lunenburg for example. I hope that the minister will not continue with that interpretation.

Mr. BERTRAND (Laurier): It means both.

Mr. POTTIER: If the minister understands that, there is no need for me to pursue the matter further. I agree with the united maritime fishermen; I am opposed to the trawler. I have said a great deal about it before, and I shall not repeat. I have not changed my mind.

Item agreed to.

79. To provide for transportation, dressing and dyeing other expenses incidental to receiving and disposing of fur seal skins accruing to Canada pursuant to provisional fur seal agreement between Canada and the United States by exchange of notes dated December 8 and 19, 1942, $120,000.

Mr. REID: As the minister and perhaps the members of the committee know, a treaty regarding pelagic sealing was made in 1911 between four countries. In 1941 the treaties were terminated. We are receiving considerable value each year from the United States, and at no expense to us, because under the treaty we prevent our fishermen from interfering with the seals on their way north to the Pribilof islands. Our share last year was twenty per cent of the seals caught, which gave Canada 23,400 skins. These when processed are worth $50 apiece. The processing costs from $12 to $15 apiece, so that Canada got roughly $800,000 as her share. I have a suggestion to make to the minister. I think that he should consider sending a man or men up to the Pribilof islands from Canada for a few days each year, if for nothing else than to show that we are interested in what is being done by the United States in regard to the killing and taking of seals from the Pribilof islands. We have had considerable benefit from the treaty, but I do not think we have had a representative go to the Pribilof islands to keep an eye on what is being done there. Perhaps the minister would give that suggestion his serious consideration.

Mr. BERTRAND (Laurier): As the hon. member for New Westminster has said, this is a very valuable asset for Canada. Here is an example of how the fur seal population is being restored through international cooperation. We have a treaty with the United States which has just been renewed. We have no representative in the Pribilof islands. We do not doubt at all the honesty of the United States authorities. They number the barrels containing the skins and we have the privilege of indicating by number which barrels we will take. For instance we may say that we will take barrel No. 3, barrel No. 5, barrel No. 13, and so on, so that we have an equal chance of getting representative skins.

Mr. REID: What I had in mind was not so much to check up on the United States authorities, because after all they are acting in good faith and we must assume that they are. But when the treaty was first signed, four countries were a party to it, United States, Canada, Russia and Japan. We do not know what countries may want to enter into a treaty of this kind after the war. My suggestion is that we should send a representative up there to show our interest in the matter and to gather information so that we shall be better able to discuss the matter when the time comes for renewing the treaty.

Mr. NEILL: I understand that under the original treaty the Russians gave us fifteen per cent, United States fifteen per cent, and the Japanese fifteen per cent of the catch.

Mr. BERTRAND (Laurier): There were a number of islands and the proportion varied with each island. On Pribilof island the proportions were as follows: Canada, 15 per cent; United States, 70 per cent; Russia, 0; Japan, 15 per cent. On Commander island: Canada, 15 per cent; United States, 0; Russia, 70 per cent; Japan, 15 per cent. On Robben island, Canada, 10 per cent; United States, 10 per cent; Russia, 10 per cent; Japan, 70 per cent.

Mr. NEILL: Japan repudiated the treaty a year or two ago, did she not?

Mr. BERTRAND (Laurier): Yes.

Mr. NEILL: What is the deal now?

Mr. BERTRAND (Laurier): The agreement is that the proportion that Japan was taking is divided between Canada and the United States. Japan has abrogated the treaty, but of course they are free to catch seals passing around their own territory.

Item agreed to.

80. To provide for payment of a bounty for the destruction of harbour seals, $15,000.

Mr. NEILL: How much do we pay now for each individual hair seal shot, and how much was paid out of this vote last year?

Mr. BERTRAND (Laurier): We pay $2.50 per nose. The nose is the proof which the fisherman supplies. Last year we paid out $6,245.

Mr. NEILL: I would suggest that the amount paid per seal is not enough. That is illustrated by the fact that you have so much money left out of last years' vote. If you paid out only $6,000 odd, it shows that the fishermen are not much interested. A hair seal when shot immediately sinks, so even if the fisherman shoots one his chance of recovering it is small. You may shoot half a dozen and recover only one. These hair seals can do great damage to a fisherman's nets, and a fisherman with a long line of nets out cannot afford to leave his fishing when he is perhaps getting a good run of fish to shoot a hair seal for $2.50. The greatest destruction of the seals in years gone by was through the government patrol boats on the Pacific, which supervise the enforcement of the law. At certain seasons of the year the boats would go to the breeding grounds and shoot or club the seals and much greater destruction was done in that way than by casual shooting by individual fishermen. You can hardly expect a fisherman to drop his fishing when he is having a nice run of fish to go after one seal. That we are not paying enough is indicated by the fact that only $6,000 was paid out of the vote last year. I suggest that the amount paid per seal should be raised to $5 and that as soon as the war is over aggressive steps should be taken to renew the destruction done by these patrol boats. During the war these patrol boats have been taken over for other purposes or have been continuing their activities in a very limited fashion. They have not been able to do the destruction on the breeding grounds which they did before. I hope the government will provide the money. It is not very much; in fact it is not enough. The bounty should be increased in order to encourage people to go after these hair seals; also they should try to strengthen the service of fisheries patrol boats so that their activities will be renewed when the war is over. We pay to catch wild animals in British Columbia, such as the cougar and the wolf, a much larger bounty than that. With the aid of a good dog a man can get a cougar comparatively easily, yet the bounty is something like ten or twelve dollars. Two and a half dollars is not enough, when a man can go out and catch dogfish and take out their livers and get far more money that way.

Mr. REID: I should like to join my representations with those of the hon. member for Comox-Alberni, and also to commend the minister for the steps he has taken so far to help out in the Fraser river. For some unknown reason, during the past two years, the seals have grown to enormous numbers. I myself last year counted on one bar at least a thousand seals, and the closest you can get is about half a mile It may be possible to go to the rookeries and kill these seals, but in the Fraser river you cannot get nearer than half a mile to them; one shot from a gun, and instantly they are in the water. The minister has been good enough to interest himself in an endeavour to get rid of them to some extent in the Fraser river. Their numbers have grown so much that fishermen are refusing to put their nets in the water. At a meeting I attended during the Easter recess, fishermen said that of every ten salmon in a net, seven would be destroyed before the net could be picked up, due to the seals running along and biting them, and the net would be destroyed as well. I ask the minister seriously to consider the increasing of the bounty so as to encourage the fishermen to go after them to a greater extent because, as pointed out by the hon. member for Comox-Alberni, when a fisherman takes a shot at them and hits a seal, the seal sinks, unless the man is close enough to get it before it goes down too deep,

and thereby many fishermen are discouraged from attempting to get these hair seals. They are in the Fraser river by the thousands. I do not know why they stay there. One suggestion is that it is because of the gunnery practice of naval and air forces outside the gulf. I think the minister should redouble his efforts if he can, and consider increasing the bounty as suggested by the hon. member for Comox-Alberni.

Mr. NEILL: The hon. member for New Westminster talks about numbers of seals as great as one thousand on a sand bar. I had no idea that things were as bad as that. The suggestion was made that they should be mined on these beaches where they go to sun themselves. Has anything been done along that line, and with what results?

Mr. BERTRAND (Laurier): Last year we made an extensive study of this problem, and we took some members of the Department of National Defence for Air to view these sand bars and tell us if it would be practicable to install mines there or endeavour to bomb them when they congregated there; but it was too difficult We were told that the weight of these seals is not enough to explode bombs, and that to use them under the circumstances would be very dangerous. Then we got officers of the Department of National Defence for Air to practise shooting at these seals on certain days of the week when the fishermen were not there, and we believe that they have destroyed a certain number; but there were some protests from the neighbours. We are still studying the question. We do not know exactly upon what lines success will lie, but the board is still giving attention to the subject.

Item agreed to.

82. To provide for the replacement of the Gaspe peninsula fisheries experimental station, $35,000.

Mr. MacNICOL: The hon. member for Gaspé is not in the chamber at the moment. I believe the member from that district is a soldier and he may be on military duty. I want to say a word in respect to his problem, since he and a delegation recently appeared from Gaspé before the reconstruction committee. I am glad to see that the minister has an estimate to do something to increase Gaspé fisheries. As far as I can see, Gaspé is one of the forgotten areas in Canada.

Mr. BERTRAND (Laurier): Fisheries administration is under the provincial authorities.

Mr. MacNICOL: I see you are providing for a vote of $35,000.

Mr. BERTRAND (Laurier): I can explain to the hon. member what it is for.

Mr. MacNICOL: It is to provide for the replacement of the Gaspé peninsula fisheries experimental station. All I want to say is that I am in accord with this vote, because it is beneficial to Gaspé and will be beneficial to the country. Gaspé was perhaps the first part of Canada which was touched by explorers; I believe Jacques Cartier landed there in 1534; and to me it is more or less neglected country, but it is very beautiful, and whatever the minister can do to help the Gaspé people he should do. I would not have got up to say anything on this item had the hon. member for Gaspé been here to say it himself.

Item agreed to.

83. To provide for Canadian share of expenses of the international Pacific salmon fisheries commission to overcome obstructions to the ascent of sockeye salmon at Hell's Gate Canyon, and for investigation and overcoming obstructions to such salmon at other points on the Fraser river watershed, $1,000,000.

Mr. BERTRAND (Laurier): This sum is for the construction of two passes at Hell's Gate. I just want to say that I hope these passes will be finished by the month of April next, and if we can restore the sockeye run on the Fraser River by the building of these two passes it will be a great thing for the fishermen of British Columbia. Just to give an example, I might say that if in 1941 the catch had been as good as the catch of 1913, the year before the landslide, at the prices of salmon in 1941, instead a return of about $8 million it would have given a return of $40 million. We hope to be able to restore this run on this basis.

I do not want to let this item pass without paying a tribute to the members of the Pacific salmon fisheries commission. They have been working for six years, and I want to mention especially my hon. friend the hon. member for New Westminster, who was chairman last year; Mr. Edward W. Allen, barrister of Seattle, who is chairman this year; Mr. B. M. Brennan, Doctor Thompson, Mr. Milo Bell, and others who have worked very hard and given a great deal of their time and gone out of their way for the successful planning of these passes, which investigations now show have certainly been needed for the past thirty years.

Mr. REID: On behalf of the members of the international Pacific salmon fisheries commission I wish to thank the minister for introducing this vote of $1 million, which will be matched by $1 million from the United

States. This will take care of the two fish passes at Hell's Gate canyon and thirty-seven obstructions on the Fraser river estuary. I wish to thank the minister for the vote on behalf of the commission of which I am a member.

Item agreed to.

84. To provide for the extension of educational work in cooperative producing and selling among fishermen, $50,000.

Mr. BURTON: Will the minister indicate how and where this work is being carried on, and the possibility of its being extended to other parts of Canada?

Mr. BERTRAND (Laurier): This item of $50,000 is the same as the item that appeared in the supplementaries last year. We are asking for $10,000 more in order to help in some other fields. This is probably the best-spent money in this department, because the work done at St. Francis Xavier, Ste. Anne de la Pocatiere and the university of British Columbia is of immense value. We hope to spend ten thousand more this year, but that will come under the supplementaries.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

258. Departmental administration, $191,595.

Mr. KNOWLES: Under this item there is a matter which I should like to discuss with the minister for a few moments. I have already taken it up with him by correspondence, but unless something has been done about it recently, the request I have in mind has not yet been met. I am speaking on behalf of the women who do the char work in some of the public buildings that are under the Department of Public Works. My knowledge relates particularly to the federal building in the city of Winnipeg and other buildings there that come under the direction of this department. The women who do this work feel that they should be entitled to some of the privileges that go with service extending over many years and that the privileges accorded the men doing similar work should be accorded to them. There are two of these privileges in particular about which I wish to speak—holidays with pay and a certain amount of sick leave without loss of pay. Shortly after the matter was brought to my attention last fall I wrote to the minister on October 6, 1943, setting out the situation and asking that he give it his consideration. Anticipating that there might be some argument over the status of these women, whether they were part-time, temporary employees or permanent employees, I made reference in writing the minister to the notice of employment that was given to one of these women in Winnipeg, whom I happen to know, which notice I hold in my hand at the present time. It is on the departmental letterhead.

Department of Public Works, Canada
Chief Architects' Branch
Maintenance Office—Dominion Public Buildings
In replying please quote file No. 1177-48.

The letter is dated June 16, 1941, and is addressed to a lady in Winnipeg doing this kind of work. The letter says in part:

This is to advise you that the hon. the Minister of Public Works has been pleased to appoint you, during pleasure, as a charwoman on the above,—

"The above" refers to P.W.D. Staff, Winnipeg, Manitoba.

—at a remuneration of $660 per annum, for which you will be required to work a minimum of 7 hours per day, your appointment to date from the day on which you commence your duties.

The letter goes on to tell the lady whom she is to get in touch with and sets out certain other particulars in connection with her employment. The point I wish to emphasize is that the appointment was made on the basis of a certain amount per annum; she was not hired at a prevailing hourly rate. It was at an annual salary, if you wish to call it that, of $660. I pointed out when I wrote to the minister on October 6 that further evidence of the annual basis on which these women are employed is found in the fact that if they lose time owing to illness their pay cheques are docked and the amount they are docked varies according to the number of days in the month in which they are absent. In other words, if they lose a day in February they lose more money from their cheque than if they lose a day in December, which I suggest is evidence of the fact that they are paid on an annual basis and not on a daily or an hourly rate. I happen to know that some of these women have been employed with the Department of Public Works doing char work in the public buildings in Winnipeg for as long as ten or fifteen years, so that they can hardly be referred to as temporary employees. The duties of these women have been set out in a memorandum which reads:

Charwoman. Definition of class: Under supervision, to perform routine cleaning work in a government building as assigned.

Examples: sweeping and scrubbing floors; washing windows and woodwork; dusting and cleaning furniture; emptying wastebaskets and spittoons.

Qualifications . . .

Mr. REID: Are they under the civil service?

Mr. KNOWLES: That is a part of the problem.

Mr. REID: I am wondering why charwomen should have to go through the civil service.

Mr. KNOWLES: To continue, note the requirements these women must meet:

Qualifications: preferably primary school education; knowledge of simple cleaning work and implements; ability to read and write; willingness to work; good physical condition.
Compensation: Prevailing rates shall apply.

I suppose that is probably where the confusion comes in. You have a memorandum on the one hand that says the compensation shall be the prevailing rates, and on the other hand when these women are engaged they are given the kind of notice to which I have already referred which states that they are engaged at a remuneration established on an annual basis. I have before me as well a memorandum setting out the specifications of the work of a cleaner and helper. In this instance the reference is to the men who do work similar to that done by the women. I could read it, but I need hardly take the time. There are a few duties included in the work assigned to men which are not included in the work assigned to women, but the definition of the class is strikingly similar. It reads:

Under supervision, to perform routine cleaning and janitor work as assigned and in some cases to perform or assist in general household or domestic work.

Perhaps I should read the qualifications in this case as well:

Ability to read and write and preferably primary school education; knowledge of simple cleaning work and implements; willingness to work; good physical condition.

Compensation, annual: $1,020, $1,080, $1,140.

Note: For part-time work the compensation shall be in the same proportion to the above rates as the number of hours worked to standard working hours.

I want to emphasize the fact that there is a striking similarity between the definition of the class under which the men work and the class under which the women work; there are also striking similarities in their duties and qualifications, but the women are treated as though they were temporary, part-time employees whereas the men are treated as permanent employees. Apparently on the basis of that distinction the women are denied holidays with pay and sick leave without loss of pay. Nevertheless, anticipating that argument, as I have already pointed out, I drew to the attention of the minister when I first wrote him the nature of the document these women receive when they are engaged.

The minister replied to my letter under date of October 26, 1943, and said in part:

The situation is as follows. The char staff work only part of the day. They are paid the prevailing hourly rate in the district. The work must be considered as extra; is not hard; and is much in demand in all parts of the country.

That would seem to place a premium on it, I might interject.

In any part-time prevailing rate work there is a general rule, followed by both industry and government, that holidays and sick leave are not applicable, and this rule has been followed in the particular case you have reference to in Winnipeg.

We do not consider, particularly under circumstances of to-day, that any change should be undertaken.

Yours sincerely,
Alphonse Fournier.

Inasmuch as I had gone to the trouble to emphasize the nature of the document which these women receive when they are employed, I felt that I had to reply to the minister's letter and I did so on November 16, calling attention again to the kind of notice these women receive, at least the women in Winnipeg, appointing them on an annual basis. I want to emphasize that there are many women in that city who have been doing this work for a good many years. There is nothing part-time or temporary about it. They have a set number of hours which they work every working day the year round, and as yet they have not been granted these two concessions.

In reply to my letter of November 16 the minister wrote me under date of November 23. This letter was somewhat shorter but slightly more welcome. He said:

Dear Mr. Knowles:

I have yours of the 16th instant concerning the matter of holidays and sick leave with pay for charwomen working in public buildings throughout Canada.

Your representations have been carefully noted and will be given every consideration.

Yours sincerely,
Alphonse Fournier.

After some months, not having learned of any progress in the matter, I wrote the minister again, restating the case, but to my regret nothing was done. On February 25, 1944, the minister wrote me in part as follows:

The order in council you referred to—

I had referred to an order in council that had been mentioned in the daily newspapers.

—does not cover holiday leave for the char staff. It applies only to full time and seasonal prevailing rate employees. As the charwomen are part time only they do not come under the terms of this order in council. This follows

the practice employed in the industrial and the commercial world where holiday and sick leave are not granted to part time employees.

For your information, however, I may say that this whole question, together with others, is being reviewed by this department with a view to adopting some additional regulations covering sick leave in keeping with the kind of service performed by the different employees.

That also was signed by the Minister of Public Works. It may be that these women who do char work are employed on a different basis in different parts of Canada. That is my reason for bringing up this question to-day, in order that we may discuss it fully. It may be that the minister can point to some instances where they are employed on a temporary basis, but on a number of occasions I have consulted the women who do this work in Winnipeg; I have known some of them for a good many years, and I know that as far as their work is concerned it is of a permanent nature. I repeat, some of them have been employed there for as long as fifteen years. Their hours are set; the document I read referred to seven hours a day. Their remuneration is fixed on a yearly basis, and is divided into twelve equal amounts for the twelve months of the year. If these women lose any time because of illness they lose their pay, according to the number of days in the month in which that time is lost. It seems to me that if there are any little technical difficulties that have to be overcome the minister or the government ought to take steps to get around those difficulties in the interests of fair play as far as these women are concerned. Quite frankly, I have had the feeling that advantage was being taken of these women because of the nature of their work. They are rendering a real and very important service. Most of these women are working because of particular need. It is by no means easy work. It is hard on their health. It takes them out at evening hours, which is by no means a desirable time to be working, and I think this parliament would want these women to be given every possible consideration. In my opinion their request that they be granted annual holidays of two weeks with pay, after they have worked a certain number of years, and a certain amount of sick leave without loss of pay is a most reasonable request, and I hope the Minister of Public Works and the government will find some way by which this can be done without further delay.

Hon. ALPHONSE FOURNIER (Minister of Public Works): The hon. member has certainly fairly stated the case of these women in Winnipeg. Under the public works department we have quite a number of charwomen working in different cities throughout the country where there are public buildings. These women work from two to three hours a day up to seven hours a day, as in Winnipeg. In Ottawa there is a very large number of women working every day from six o'clock in the morning until eight-thirty, which is two and a half hours. They are part-time employees, although they also are paid on a yearly basis. In other places they work four or five hours a day, while in Winnipeg there are thirty-five women working seven hours a day. I do not know if there are many cities in the country where we have women working that many hours. Representations were made by the hon. member for Winnipeg South Centre and the hon. member for Winnipeg North Centre, and we found that according to the labour regulations in Winnipeg holidays were given to these people if they worked forty-four hours a week.

In this instance they worked forty-two hours. I have submitted this special case to treasury board. They have asked questions with respect to the labour regulations in Winnipeg. A few days ago I secured copies of those regulations and I am sending the results of my inquiries to treasury board. I feel most sympathetic in this matter because it is a kind of borderline case. Had they worked two more hours a week they would have got the holidays as a matter of course. As the hon. member has said, this is a technicality, and I believe some redress should be made. I am expecting treasury board to deal with the matter in the near future, and I may tell the hon. member that I have made recommendations to the effect that they get these holidays, as they are had in other trades.

I do not know if the same conditions would apply elsewhere in Canada. I believe this is a special case. There may be some isolated cases elsewhere, but they do not generally work the forty-four hours a week which would entitle them to holidays. In this instance, however, hon. members may be assured that I will do my utmost to secure redress.

Mr. KNOWLES: I am grateful to the minister for the statement he has just made, and I apprecate the sympathy he has expressed, and his willingness to do everything he can to cope with any technicality which may stand in the way. What he has said makes one feel that it was worth while to make the representations I did, and not to take the first "no" as a final answer.

I hold in my hand a letter sent to these women in Winnipeg by an official of one of the civil service organizations. This official had been in touch with the minister on a

recent date, and the letter indicates that the minister was showing sympathy for the situation. I am glad to learn of the recommendation he has made, and I certainly hope our friends of the treasury board will reveal themselves in this instance as having some humanity in their hearts.

There is one other point I should like to make in connection with the work these women are doing in Winnipeg.

Mr. MacNICOL: Women everywhere; not only Winnipeg.

Mr. KNOWLES: I welcome my hon. friend's interjection. What he is saying is absolutely correct.

Mr. MacNICOL: They are too poorly paid and not taken care of, as the hon. member pointed out.

Mr. KNOWLES: My reason for confining my remarks to the women in Winnipeg is that I know the situation there very well. It is a good idea in this chamber—and I believe the hon. member has emphasized it—to talk of things we know about.

So far as their cleaning work is concerned, I understand these women are supposed to clean so many thousand square feet a night; I am not sure as to the measures used. The regulation, however, is laid down in Ottawa. I am informed that the superintendent on the job in Winnipeg or, in fact, in any other city, has no authority to vary that regulation. This produces considerable difficulty and unfairness in connection with the work these women do.

In one instance a thousand square feet of floor space may require five or ten times as much work as a thousand square feet somewhere else. If one happens to get an open stretch of plain, ordinary floor, that would be a totally different story from having to clean the same amount of floor space on which there are desks, cabinets and other office furniture. For example, I am told one of the members in the cabinet has an office in a public building in Winnipeg. Naturally, because of his duties here in Ottawa, he does not go to Winnipeg very often. The result is that the woman who has his office in her allotment of floor space has a break, so far as that office is concerned, because it is not used much and does not require much cleaning.

Mr. GRAYDON: Would that be an Ontario cabinet minister?

Mr. KNOWLES: No; but now that I have referred to the minister, perhaps I should mention that it is my hon. friend from Manitoba, the Minister of Mines and Resources.

In taking this matter up with their superintendent, and pointing to him the inequality of the work they are called upon to do, I am told the women have been advised that nothing could be done, because the regulation had been issued from head office to the effect that each woman must clean so many thousand square feet. It seems to me that difficulty might easily be taken care of if a little more authority and responsibility were given the superintendent on the job. Would the minister give consideration to that point?

Mr. FOURNIER (Hull): I do not often hear complaints about working conditions of people working for my department. I do not believe we treat them harshly. We have set down certain regulations with respect to the work they are to do in working hours. Really, however, in the two years I have been in the department I have not heard that they were given too much work. In Ottawa we have about 1,700 charwomen, and I have never heard that they complain they have been given too much space to cover. They may be given a thousand square feet to cover in two or three hours; I do not know what the time is. But they do not wash those floors every day. Sometimes they just come in and see that everything is in order, and kept clean.

Mr. KNOWLES: Oh, I think they do their work all right.

Mr. FOURNIER (Hull): Yes; they are all good working people who are employed. We would not keep them if they were not. And I would not want to hear any exaggeration as to their conditions of work.

Mr. KNOWLES: I think the minister has missed my point. I am not complaining on their behalf as to the total amount of work the entire group has to do. I am complaining about the inequality in the amount of work allocated to the women, owing to the fact that the superintendent on the job has no authority to divide it up on a basis of actual volume, depending upon the conditions of the floor space cleaned.

Mr. FOURNIER (Hull): We will tell our superintendents to be just as fair as possible in dividing the work among the women.

Mr. McIVOR: I should like to make a suggestion to the Minister of Public Works which would tend toward efficiency, at least in Fort William. My suggestion would be that women cleaners receive the same pay

as men. We have difficulty out there in keeping women on their jobs; they have been resigning. Men cleaners are placed under the jurisdiction of the civil service. Anyone who knows anything about the way women fix things up, and clean them, will know that they are much better cleaners than men ever were. At least they should receive the same pay as the men. If they work overtime these women should be paid double time or time and a half, just the same as the men. I think the suggestion is most admirable and it would make for harmony and happiness among these women who are cleaners.

Mr. GRAYDON: I should like to say a word with respect to the employees of the Department of Public Works and I join in a general way with the hon. member for Fort William. I had thought that by now this government would have put into operation the policy which has been enunciated so many times in this house, that of equal pay to men and women for equal work.

Mr MacNICOL: You announced it yourself.

Mr. GRAYDON: Yes, but perhaps my powers of conversion have not been as powerful as they would have been had I been allied with the hon. member for Fort William who supports the government. However, I did not rise to discuss that matter at this time. I wanted to refer to the uniform coats which have been furnished to the elevator operators in the parliament buildings and other public buildings in Ottawa. To me they are scandalous, and I think the Minister of Public Works will be the first to agree with me in that. I am ashamed to belong to a parliament that will provide that type of coat to men who are meeting the public from time to time. They should be provided with good serviceable uniforms for their work. Something should be done to prevent a recurrence of this kind of thing because it does not leave a very good impression upon the public, to say nothing upon the men who have to work in them.

I am sorry His Honour the Speaker is not at the moment in the chamber, but perhaps what I am about to say will serve as a notice to him of a question that I intend to ask when his estimates are before the committee. My remarks have to do with the protective staff of this building. I realize that the minister has nothing to do with these employees, but perhaps I may refer to them briefly. The protective staff of this building have had to go around in winter uniforms during the hot weather, and that is a national disgrace and a scandal. These men have to meet the public and work when they are uncomfortable, and the whole situation is one which should be remedied.

With respect to the employees of the minister's department, I hope he will rise in his place and say that a great mistake has been made, that it was not done with his authority or approval. I should like to see the responsibility and blame attached to some one. Some one must be to blame for a condition like that. To some people this may seem to be a small point to raise, but it only illustrates inefficiency in the department which must be rooted out. It should be rooted out by those whose job it is to root out such things; that is the opposition. I should like to see these men dressed in decent uniforms so that those who see them will know that the government are interested in their employees.

Mr. FOURNIER (Hull): If the leader of the opposition had not used such violent words as "scandalous" and so forth I would have been 100 per cent of his opinion. The first time I walked into the House of Commons and saw those coats on the elevator men I was shocked. I inquired where they had found the coats, and the answer given to me was that when they had come to try to get the cloth for these coats, this was the best the purchaser could find because of the shortages. I am not an expert in these matters, but I fully agree that I would not force any man to wear a coat like that

Mr. GRAYDON: Where did they get these coats?

Mr. FOURNIER (Hull): They probably asked for tenders as we always do when we want to clothe our employees. They had to use the cloth placed at the disposal of the public, and this was the best they could find. I would not blame my officials to the point of saying that they had done something scandalous, but I did tell them that in the future they should try to find something more suitable and more presentable for public servants who are meeting the public in the capital city. I really hope next year when my estimates are up that these men will be better clothed.

Mr. GRAYDON: I expect that the minister will be on the other side inquiring of someone in our group with respect to that. May I suggest that one reason for the situation is that plans were not laid far enough ahead to obtain coats for the men. I think the minister had better start laying his plans now in order to get some decent summer outfits, even if this matter may be under the supervision of another minister next year.

Mr. CARDIFF: I do not think these men have been supplied with complete suits; it is only with coats. I think that is one of the complaints they have been making, that they are not furnished with a complete uniform.

Mr. KNOWLES: Further to the question I asked, the minister was good enough to state that he had made a recommendation to the treasury board. I appreciate the willingness of the minister to make that statement, but could he tell us how long it is since the recommendation was made and whether there has been any reply?

Mr. FOURNIER (Hull): I think I sent the first recommendation to treasury board about two weeks ago. On Monday or Tuesday I received a reply asking for details about the working conditions in Winnipeg and the hours worked, and I believe I sent a second recommendation to the treasury board yesterday.

Mr. KNOWLES: The reply the minister received was not a declination; it was simply asking for further information?

Mr. FOURNIER (Hull): It was not a refusal; it was a request for further information.

Mr. KNOWLES: The minister is following it through to the best of his ability?

Mr. FOURNIER (Hull): Yes.

Mr. KNOWLES: That is fine.

Item agreed to.

Chief architect's branch—

260. Ottawa—maintenance and operation of dominion public buildings and grounds, including rents, repairs, furniture, heating, etc., $2,919,480.

Mr. GRAYDON: I am not sure whether the minister answered the question I propounded on a previous occasion with respect to the heating system of the east block being changed from coal to oil.

Mr. FOURNIER (Hull): I believe I gave an answer before. If I recall rightly, we received orders from the oil controller to change the system because of the oil situation.

Mr. MacNICOL: Do I understand that the east block is not heated by the central heating plant that heats the west block and this building?

Mr. FOURNIER (Hull): This was only a temporary arrangement for the summer. The east block is heated from the central heating plant during the fall and winter.

Mr. MacNICOL: In the winter time the east block is heated from the central heating plant?

Mr. FOURNIER (Hull): Yes.

Item agreed to.

Chief architect's branch—

261. Maintenance and operation of dominion public buildings and grounds, other than at Ottawa, including rents, repairs, furniture, heating, etc., $3,782,758.

Mr. MacNICOL: Does this apply to the grounds around the buildings in Ottawa?

Mr. FOURNIER (Hull): To all the buildings in the country.

Mr. MacNICOL: Are the grounds around all the public buildings throughout the country in as unsatisfactory a condition as the grounds around these buildings? All through the previous years we have had nice flower beds around the grounds. Where are they now?

Mr. STIRLING: There is a war on.

Mr. MacNICOL: The few dollars it would take to put in flower beds in the grounds around the main buildings is a small matter in comparison with some of the vast sums of money that are more or less recklessly spent, and I have seen much of that. There is no excuse for not having flower beds.

Mr. FOURNIER (Hull): We should not mix up two things. The grounds around the public buildings at Ottawa are under the jurisdiction of the federal district commission. One of the reasons given to me is that there has been a curtailment of expenditure owing to the difficulty of finding labour. The same question was brought up last year and that was the information I received.

Mr. MacNICOL: The information I have received is that unless the men who are working on the grounds around these buildings dig down in their own pockets to buy plants and seeds to beautify the landscape, the flowers and plants are not forthcoming.

Mr. REID: For the information of the hon. member, may I say that the special committee dealing with the city of Ottawa had this matter before them. I support the contention which the hon. member has made; I am with him. It was pointed out in the committee that the matter would be taken under advisement.

Mr. RICKARD: It has been found impossible to get awnings for the windows of the public buildings in my riding. The sun shines in and it is very hot in many of these buildings. Would the minister look into this matter and see if anything can be done?

Mr. FOURNIER (Hull): I am ready to look into the matter and see if we can get awnings, but I would remind the committee that since 1940 we have been cutting down, decreasing the estimates of my department, to bare necessities. I am getting only what is needed for maintenance.

Mr. GRAYDON: May I remind the minister of an inquiry which I made about a month ago, and which has not yet produced the results I had hoped for. There has been a lot of complaint by members of the draughts circulating in this chamber. The matter has been brought up before, but apparently nothing has been done and complaints still come in to me from the members of our group. I should like to know if the minister really means to do anything about it. It is much more serious than appears on the surface, particularly for the members sitting in the second and third rows, where they feel a tremendous draught at times. I think every member of the house has had that experience. While we should not perhaps think of our own comfort before anyone else's, the chamber should be made reasonably comfortable if we are going to sit here such a large part of the year, as now seems to be the case.

Mr. FOURNIER (Hull): Following the inquiry from the leader of the opposition some time ago, the chief architect's branch did make a survey of the chamber, but the building is so high that, although they have closed everything off that they could close, there are still draughts for which they have not found a remedy. I shall try to make the chamber as comfortable as we can possibly make it.

Item agreed to.

Chief architect's branch—

264—Ontario—

Dominion public buildings—improvements and repairs, $120,000.

Ottawa—hydrogenation laboratory for the Department of Mines and Resources, $250,000.

Ottawa—postal terminal—addition (revote), $75,000.

Ottawa—West block—renewal of heating system, $30,000.

Ottawa—central heating plant for Department of Mines and Resources on Booth street (revote $95,000), $145,000.

Toronto postal station "A"—painting, $25,000.

Total, $645,000.

Mr. MacNICOL: I want to say a word about the item pertaining to the proposed hydrogenation laboratory and to support the item. First may I ask whether the amount pertains only to the building or as well to the equipment?

Mr. FOURNIER (Hull): It is for the land that is to be purchased and for the building.

[Mr. Rickard.]

Mr. MacNICOL: The land and the building?

Mr. FOURNIER (Hull): Yes.

Mr. MacNICOL: I was informed before that the building itself would cost up to $200,000. I suppose part of this amount would be for increased salaries, which are richly deserved.

Mr. FOURNIER (Hull): This is only for the building and the site. It does not include the equipment that will go into the building.

Mr. MacNICOL: Is the building under construction now?

Mr. FOURNIER (Hull): No. We are now dealing for a site on Booth street.

Mr. MacNICOL: Is the minister right in that? Is not the building to be on the same property where the experimental laboratories on Booth street are located?

Mr. FOURNIER (Hull): This is in the block opposite on Booth street.

Mr. MacNICOL: It is not adjacent to the present building? There is a small hydrogenation plant there.

Mr. FOURNIER (Hull): No. The site which we expect to acquire for the building in a day or two is on the other side of Booth street.

Mr. MacNICOL: Is there another vote pertaining to the equipment?

Mr. FOURNIER (Hull): Yes; that will be in the supplementaries.

Mr. MacNICOL: Will the vote be under this department?

Mr. FOURNIER (Hull): I think my hon. friend is familiar with the procedure. A request comes from the Minister of Mines and Resources giving the reasons why we should put up a building for a hydrogenation plant, and the Department of Mines and Resources provides an item in their estimates for the equipment and machinery required. We have not started the construction of the building because we shall receive the plans of the machinery there is to install in the building. That is why we have not yet started the construction of the building. As soon as we receive their plans as to machinery we shall prepare our plans for the building.

Mr. MacNICOL: So that this vote does not apply in any way to equipment which is to go into the building?

Mr. FOURNIER (Hull): No.

Mr. MacNICOL: I support the vote because I am going to support the programme.

Mr. KNOWLES: To make the record complete, would the minister relate the heating system of the west block to the central heating system here? A while ago he answered questions about the heating system in the east block.

Mr. FOURNIER (Hull): I understand that the heating system of the west block was put in there seventy-seven years ago, and it will have to be taken out. It is worn out and will have to be replaced.

Mr. MacNICOL: Is the minister stating that the west block is not heated from the central plant?

Mr. FOURNIER (Hull): I understand that the coils and radiators and so forth are used up, and that the piping will have to be renewed.

Mr. MacNICOL: But the hot water that heats the building comes into the building from the main that is attached to the main which comes from the central heating plant to heat all these buildings?

Mr. FOURNIER (Hull): Right.

Item agreed to.

Saskatchewan—
266. Dominion public buildings—improvements and repairs, $35,000.

Mr. GRAYDON: Is the minister going to add anything to the Saskatchewan vote in view of the fact that there are now additional ministers in the provincial government?

Item agreed to.

Chief architect's branch—
Generally
272. Flags for dominion buildings, $8,000.

Mr. CARDIFF: I think that if that much money is to be spent on flags for and around these buildings they should be flown more of the time. One comes here time and time again and there is no flag flying at all. Surely if we have flags in Canada they should be flown.

Mr. FOURNIER (Hull): There is always a flag on this building.

Mr. CARDIFF: Not always.

Mr. LaFLECHE: Well, not at night.

Mr. FOURNIER (Hull): It is flown from daylight to dark.

Mr. CARDIFF: If we spend so much money on flags they should be flown.

Mr. GRAYDON: The government's fortunes have been at half-mast a good deal lately.

Item agreed to.

Chief architect's branch—
Generally
274. Veterans' hospitals—repairs, improvements and alterations, $60,000.

Mr. KNOWLES: Which hospitals are to be repaired this year?

Mr. FOURNIER (Hull): General repairs and improvements to the various military hospital buildings throughout the dominion during the year 1944-45 as requested by the deputy minister of pensions and national health on January 11 of this year. The amount is made up as follows:

Halifax, Camp Hill hospital	$ 6,800
Saint John, N.B., Lancaster hospital	7,060
Quebec—Savard Park hospital	2,770
Ste. Anne de Bellevue hospital	14,000
Toronto, Ont., Christ Street hospital	8,580
London, Ont., Westminster hospital	7,200
Winnipeg, Man., Deer Lodge hospital	3,300
Calgary, Alta., Col. Belcher hospital	2,500
Vancouver, B.C., Shaughnessy hospital	7,790
Total	$60,000

Item agreed to.

Chief engineer's branch—
276. Engineering, including salaries of engineers, clerks, et cetera, $485,600.

Mr. GRAYDON: Is provision being made in connection with this branch for rehabilitation, in the jobs they had before they enlisted, of those who have entered the armed forces?

Mr. FOURNIER (Hull): Every enlisted man's job is kept open for him to fill the moment he comes back. There is no replacement of a permanent nature. When a man comes back he comes to the department and takes over his position, with the benefits which have accrued during his service.

Item agreed to.

Chief engineer's branch—
Dredging
279. Ontario and Quebec, $282,215.

Mr. GRAYDON: I have had some correspondence and interviews with the minister with respect to the dredging of the mouth of the harbour for fishing purposes at Port Credit; and I bring it to the attention of the minister again in the hope that his previous decision, perhaps reached rather hastily, might conceivably be reviewed in the interests of better fishing at that particular part of lake Ontario.

Item agreed to.

Chief engineer's branch—
Dredging
280. Manitoba, Saskatchewan and Alberta, $57,095.

Mr. MacNICOL: Where in Manitoba, Alberta and Saskatchewan is it proposed to do dredging?

Mr. FOURNIER (Hull): This amount is required to carry out dredging in the three provinces by departmental plant, day labour or by contract, and to provide for the repair and maintenance of this plant during the fiscal year 1944-45. This is a regular annual appropriation, and the expenditures chargeable to this are mainly for works which can be more economically performed by the departmental plant, and any larger works are required to be done by contract where no departmental plant is available and for which there is no special appropriation, as well as small items of hand dredging.

The expenditure of $57,095 is broken up as follows: permanent staff, $3,000; temporary assistance, $3,420; wages, $16,118; total salaries, $22,538; cost of living bonus, $4,500; maintenance and operation, $28,057; contract and day labour works, inspection and contingencies, $2,000; forming the amount of $57,095.

Mr. MacNICOL: Why does it include Saskatchewan? Where is there any dredging there?

Mr. FOURNIER (Hull): We are dredging at Selkirk marine railway—

Mr. MacNICOL: That is in Manitoba.

Mr. FOURNIER (Hull): —marine railway, $1,416.96; Red river mouth, $10,450.04—

Mr. MacNICOL: That is also Manitoba.

Mr. FOURNIER (Hull): —St. Andrew's lock and dam, Selkirk, $1,637.74; Selkirk slough, $1,201.02; Hnausa, $4,694.86; Winnipeg, Gimli, $1,382.98.

Mr. GRAYDON: That has a familiar ring.

Mr. MacNICOL: What is the last one?

Mr. FOURNIER (Hull): Gimli, Manitoba. I am giving the list.

Mr. MacNICOL: I am aware of all those places.

Mr. FOURNIER (Hull): Brown and Rutherford. Winnipeg, $3,821.40. That is a total of $12,738. That is for dredge No. 205. The first item is for dredge *Red River*. Now taking dredge *Winnipegosis*, at Dauphin, we are spending $10,930.

Mr. GRAYDON: Nothing at Churchill?

Mr. FOURNIER (Hull): No; that is transport.

[Mr. Graydon.]

Mr. MacNICOL: The minister has mentioned nothing for Saskatchewan and nothing for Alberta, so that apparently the item does not apply to either; but there is some dredging to be done in Alberta. I had a letter some days ago in regard to this matter. Ships sail north from Waterways on the Clearwater river and the Athabaska river, and they often have difficulty getting in to the dock at Waterways. I know that from personal observation. Nothing is being done there.

Mr. FOURNIER (Hull): The only explanation is that at the time of the preparation of these estimates in December last we had no reports as to the necessity of dredging in Saskatchewan, but I am informed that in the last two months we have had requests, and we find it necessary to do some dredging in the Athabaska river at Waterways and in the Clearwater river.

Mr. MacNICOL: I am glad to hear that.

Mr. FOURNIER (Hull): The amount to do this work will come out of our war appropriation, unless we have a supplementary.

Mr. MacNICOL: Has the minister any request from the Manitoba authorities in reference to improving the channel into Berens river?

Mr. FOURNIER (Hull): No. This is the first time we have heard of that project.

Mr. MacNICOL: I suggest that the minister interest himself in improving the facilities for entering Berens river harbour on the east side of lake Winnipeg and the exit from that harbour. It is one of the finest trips in the world from the city of Winnipeg down the Red river, down lake Winnipeg, down to the mouth of the Saskatchewan and on down to Rossmore on the Nelson. But getting in and out of Berens river is quite a problem, and the captains that take boats in and bring them out deserve a great deal of credit. I would ask the minister to direct his engineers to study this problem of improving that channel so as to improve the shipping facilities on lake Winnipeg. There are a good many little docks there that could be greatly improved.

As regards Saskatchewan, seeing that the province has been mentioned, I would ask the minister to follow in the footsteps of one of his predecessors, the late Doctor Pugsley, who got his engineers to examine the possibilities of navigation on the North Saskatchewan river. He will find in the files of his department reports submitted by a former engineer, Voligny, and a study of these reports may give him a vision of what can be done in improving that river so that the navigation

of former years can again be had. It would be a great tourist route. I will not go farther than that at the moment, because later on I am going to present the minister with a sound programme for improving the Saskatchewan river so that ships can sail from Winnipeg right up to the fine city of Edmonton carrying freight in the summer and particularly tourist traffic. There would be no finer tourist route in the world, and I could recommend very highly a round trip voyage from Winnipeg to Edmonton and back. Will the minister undertake to look into Voligny's report on navigation possibilities there?

Mr. FOURNIER (Hull): We will.

Mr. KNOWLES: It seems odd that the appropriation for this kind of work should be the same each year. Does that mean that this kind of dredging is identical year in and year out?

Mr. FOURNIER (Hull): We have dredges that make the rounds in the appropriate season to keep the channels open, and we have found in the past that this was the amount required for work of this kind. It is not always done at the same place, but we have our engineers making surveys to see where work will be needed during the coming season, and generally the plans are laid before us, so that we know how many cubic feet we have to dredge and what the cost will be. But, as I have said. I am limited in my estimates for public works.

Mr. KNOWLES: In the two items where increases are indicated, 279 and 281, does that mean that the cost of work being done has gone up or that the department has undertaken new work?

Mr. FOURNIER (Hull): In certain instances the cost of labour and the cost of coal may have gone up.

Item agreed to.

Chief engineer's branch—
Maintenance and operation of graving docks, locks and dams, etc.
285. Selkirk, repair slip, $9,734.

Mr. MacNICOL: May I ask if this item refers to Selkirk, Manitoba, which is represented by the hon. member who has such a delightful Scotch brogue?

Mr. FOURNIER (Hull): Yes; that is in the hon. gentleman's riding.

Item agreed to.

Chief engineer's branch—
Maintenance and operation of graving docks, locks and dams, etc.
286. Locks and dams, $64,689.

Mr. GRAYDON: Could the minister give the particulars of the annual cost, and the number of vessels of all descriptions that go through the locks on the Rideau canal at the rear of these buildings? That might be of interest to some hon. members.

Mr. FOURNIER (Hull): That is under the Department of Transport; it does not come under this vote.

Item agreed to.

Chief engineer's branch—
Maintenance and operation of graving docks, locks and dams, etc.
287. Snagboats, $49,745.

Mr. MacNICOL: A year or two ago I asked the minister if he had a programme for removing the snags from the Athabaska river.

Mr. FOURNIER (Hull): After the hon. gentleman made his representations in the house I made inquiries and found that we had no complaints of any obstacles there at the time, and I did not know exactly where the work suggested was required. We were ready to do the work, but no one made any complaints.

Mr. MacNICOL: I would suggest that the minister write the Hudson's Bay company either at Waterways or at Edmonton, because the captains of the ships told me that frequently the bottoms of the barges that go down the river are torn off by the snags. On my own journey down the river I saw many snags; that is, butts of trees. I am sure that if the minister will communicate with the Hudson's Bay company he will get the information.

Mr. FOURNIER (Hull): We will do that.

Item agreed to.

Chief engineer's branch—
Maintenance and operation of roads and bridges.
290. New Westminster bridge, $49,635.

Mr. REID: The committee probably is not aware of the actual situation in connection with this bridge, for it is one of the bridges that return revenue to the dominion government. It was built by the provincial government some forty-three years ago as a passenger, vehicle and railway bridge. A few years ago the provincial government decided to construct a new bridge, and since it was to be over a navigable stream they had to come to the dominion government for permission. Since the new bridge was to be just a few feet from the old bridge the question arose as to whether the old bridge would be a hindrance to navigation in the event that the new bridge was built. Following the controversy, the

provincial government handed over this railway bridge to the dominion without cost. Three railways operate over the bridge, and pay tolls. My understanding of the matter is that the surplus accruing from the operation of the bridge each year was to be placed in a fund, and that if within ten years the dominion government did not take steps to put in a lift span to replace the centre span of the bridge, thereby removing the menace to navigation, the funds accruing over the ten-year period would revert to the provincial government. Time is getting along, and I should like to see some steps taken to remove this centre span and replace it with a lift span, thereby removing the menace to navigation and complying with the understanding or agreement entered into between the provincial and federal governments. Can the minister tell us the position of the fund now, and whether any steps have been taken to carry out the agreement?

Mr. FOURNIER (Hull): We took over this bridge, I believe, on October 4, 1939. The agreement has ten years to run, and under it we are required to keep account of the revenues and expenses in connection with the operation of the bridge. Every year we make a report to the provincial government. We have ten years in which to decide whether we are going to instal this lift span. If we decide against doing so we are to return to the province the difference between the revenue and the expenses. We have five more years to go, and as yet we have not come to a decision in connection with this lift span.

Mr. REID: Will the minister take steps shortly to have an investigation made into the matter? Some doubt was expressed at the time as to whether this centre span should be removed. Can the minister tell the committee the amount of money now in the fund?

Mr. FOURNIER (Hull): I have not the details as to the amount of money we have in that trust fund. We will investigate the possibility of constructing this lift span, but our work is limited by the number of people we have out on the coast.

Item agreed to.

Chief engineer's branch—
Maintenance and operation of roads and bridges
291. Generally, $24,025.

Mr. GRAYDON: Since this is a sort of omnibus item the minister might give us the general details, because "generally" takes in a lot of territory.

Mr. FOURNIER (Hull): They are all small amounts to provide for repairs, renewals, painting and so on. The list is as follows:

Calumet-Bryson bridge, Quebec	$ 150
Chapeau bridge, Quebec	100
Clair, N.B.—International bridge	700
Des Joachims, Quebec—bridge	300
Edmonton—maintenance of bridge	400
Edmundston, N.B.—Madawaska, Maine international bridge	840
Great Bear river, N.W.T.—repairs to portage road	1,500
North Timiskaming, Quebec — interprovincial bridge	150
Ottawa—bridges and approaches	3,500
Perley bridge—Hawkesbury, Ontario—interprovincial bridge	11,390
Portage du Fort, Quebec—interprovincial bridge	150
St. Leonard, N.B.—Van Buren, Maine—international bridge	540
Shellmouth, Manitoba	300
Unforeseen	1,235
Cost of living bonus and other pay list items	2,050
Wages	720

Item agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Telegraph branch—
***301.* Telephone Service at Ottawa, $100,000.**

Mr. GRAYDON: Does this amount refer only to the Department of Public Works?

Mr. FOURNIER (Hull): No; it applies to all the departments.

Mr. GRAYDON: From time to time one hears criticism in respect of telephone service. I am not saying that I have heard criticism particularly respecting the Department of Public Works, but there is a feeling that there is some laxity so far as expenditures in wartime departments and departments generally in Ottawa are concerned, and in connection with long-distance calls in particular. Last year I raised the question of telephone tolls and charges, and I desire to do so again.

Would the minister give a break-down of the $100,000? I fancy this amount does not take in some of the items to which I have referred, namely war items. Those items would no doubt come under the war appropriation estimates.

Mr. FOURNIER (Hull): This item covers all installations of telephones in all departments, except for war purposes in war departments. We may divide the amount into three main headings: (a) telephone services, which include rentals of telephone instruments and mileage; (b) private branch exchange equipment, including automatic switching devices, switch board sections and so on, and (c) salaries of private exchange operators.

Under contract, I believe with the Bell Telephone company, we pay the following monthly rates: residence telephone, $3.38; private branch exchange, $2.22; direct office, $4.84.

Mr. GRAYDON: Is that a considerable reduction from the regular rates?

Mr. FOURNIER (Hull): I understand it is quite a reduction, because the regular rates to ordinary private parties would be about $5. The break-down is as follows:

	Number of installations	Expenditure
Residence telephones..	61	$ 2,473 40
Direct office	29	1,683 00
Private branch	1,971	52,458 20
Private branch exchange equipment...	....	27,154 71
Private branch exchange operators...	....	13,200 00
House of Commons sessional service....	....	2,800 00
Contingencies	....	230 69

Mr. HANSON (Skeena): What was the amount in 1938, before the war?

Mr. FOURNIER (Hull): I am informed by my officials that it was practically the same.

Item agreed to.

Telegraph branch—
Telegraph and telephone services, operation and maintenance

305. Telegraph and telephone services, operation and maintenance: British Columbia, Northern and Yukon districts, $135,000.

Mr. STIRLING: How much of this is for Yukon, and how much for northern British Columbia?

Mr. FOURNIER (Hull): The whole amount of $135,000 is to provide for working expenses of the British Columbia, Northern and Yukon telegraph and telephone lines during the fiscal year. We have a staff of fifty-seven people, and we are paying total salaries of $100,323, with a cost-of-living bonus of $13,000, repairs amounting to $5,000, and supplies and sundries to $16,677.

Mr. STIRLING: Is this not the telephone system which has been picked up and collected over the years, and kept in existence by the dominion government—built in some cases by telephone companies, and acquired? This is what is left of a much larger system, portions of which were sold off from year to year to telephone companies. Is that not so?

Mr. FOURNIER (Hull): Yes; the hon. member is right. But we are now the owners of the whole system there. We have our own operators, and the whole system is under our control.

Mr. STIRLING: It is treated as one system. It is not a case of having isolated pieces of telephone line here and there; it is treated as one system.

Mr. FOURNIER (Hull): Yes; it is one system, under the same superintendent.

Mr. CRUICKSHANK: As I understand it, the leader of the opposition was complaining about the excessive use of the long distance telephone. My objection is that the Department of Public Works is doing the direct opposite so far as British Columbia is concerned. I may not be in order in discussing this matter under this item, but the fact is that if the chief engineer in British Columbia wants to discuss the making of a $100 award or something like that, he gets "hail columbia" from the department if he uses even airmail stamps. I am not exaggerating. I think the matter of curtailing the use of long distance telephone or the air mail is overdone in British Columbia. I admire the urge for economy on the part of the leader of the opposition, but I do not think it should be enforced so far as the west is concerned.

Mr. GRAYDON: It may be that I did not make myself clear or perhaps my hon. friend was not in the chamber just as I made my statement. I qualified my remarks by saying that I had heard no complaints of the excessive use of the long distance telephone by the Department of Public Works. What I was complaining about was the general overhead of telephones in the war departments. The criticism in this connection has been quite heavy. I raised this matter last year but the minister indicated that it was a matter for the civil estimates. I have no criticism to make of the Department of Public Works in that regard. I rather fancy the hon. member for Fraser Valley is correct in what he says and I would be glad to join with him. I think such a matter ought to be straightened out.

Mr. FOURNIER (Hull): I have had no complaint that our officials were not permitted to make long distance telephone calls when necessary. They have instructions to use the telephone when it is urgent, and head office does use the long distance telephone for this purpose. On the other hand, we do not want this to be a free-for-all and have calls made on any occasion when the matter can be dealt with by mail or otherwise.

Mr. CRUICKSHANK: I am not a lawyer, but if I can get the protection of the court for my clients I would be glad to give the circumstances to the minister which substantiate what I have just said.

Mr. FOURNIER (Hull): If the hon. member will give me the circumstances I shall have them investigated.

Mr. CRUICKSHANK: I shall be glad to give them on that understanding.

Mr. GRAYDON: You never need any protection.

Mr. CRUICKSHANK: It is the officials.

Item agreed to.

Telegraph branch—
Telegraph and telephone services, operation and maintenance
306. British Columbia—Vancouver island district, $114,500.

Mr. BRYCE: May I revert to item 297, harbours and rivers generally?

Mr. FOURNIER: I have no objection.

Mr. BRYCE: I should like to draw the attention of the minister to the condition of the breakwater at Gimli. I have taken this matter up before with the minister, and he assured me that the engineer was up there last year looking it over. The level of lake Winnipeg is higher this year than it was last year. There is an old folks' home kept up by voluntary contributions of the Icelandic community and these high waters are destroying its foundation. I am not suggesting that any new work should be done, but I would like to have some piles put in there to check the inroads of this high water. This would be a patch-up job until better times come along. I am continually receiving letters from the people in the old folks home at Gimli saying that the foundation is being destroyed. I would like the minister to have the Winnipeg engineer go up there to see if some piles cannot be put in to remedy this trouble.

Mr. FOURNIER (Hull): This matter could not be dealt with under item 297, because that is to cover small repairs under $1,000. I have not the file here, but the hon. member wrote me about this Gimli project and the report I received indicates that it would cost a large sum to undertake that work at the present time. If I recall, I answered that we would consider this as a post-war project. The second project was to patch up the breakwater, to put piles in, but this also entailed a large amount of money. If only a small amount were involved I would make a study of it, but I am in the hands of parliament. I am not asking for the large amounts in my civil estimates, because it is the policy of the government to pospone these works during the war. At all events I will look into the matter.

Mr. BRYCE: There are fifty-five old ladies and gentlemen in that home and it will be a serious thing if their building is damaged. A few piles would check the damage until such time as a real job can be done.

Item agreed to.

General—
312. National Gallery of Canada, $65,630.

Mr. GRAYDON: I rise at this time, not to discuss the matter of the national gallery of Canada but to bring to the attention of the minister another matter which has gained considerable impetus and thought throughout Canada during the last while. At numerous teachers' conventions, educational organizational meetings and wherever people who are interested in literary and cultural pursuits have gathered together, resolutions have been passed and expressions of opinion offered in connection with the establishment of a Canadian national library.

I wish in a word or two to add my support to those expressions of thought. I have no desire to press the point at the moment. After all, we are in a war. Despite how encouraging the news may seem to appear at times, in all these things we must always keep our eye on the ball to the very last. What I am really advocating is that at the appropriate time—and there is always a right time and place for everything—there should be established a national library of Canada. I think it would be an indication that we have not in a new country forgotten the educational and cultural and literary side of life in our concern for things strictly material. I am quite sure that the government and those who are kindly disposed to a suggestion of this kind would find a cordial response in the country generally. There is a widespread desire among the people for better facilities, better equipment and better opportunities to gain knowledge of the various subjects on which a library would be able to afford information. Undoubtedly our parliamentary library fills a great need; and when I speak of our library I think I voice the opinion of all in the house when I say that not only is it a great library in itself, but the services which are rendered by those in charge, including the parliamentary librarian, often make us wond how they are able to accomplish the miracles of producing so promptly information that is urgently required.

Some hon. MEMBERS: Hear, hear.

Mr. GRAYDON: I was going on to say that the parliamentary library fills a great need for those of us in parliamentary circles and for those who are identified with parliamentary life. It is a reference library, of course, and has its limitations by virtue of certain neces-

sities. I hope that when the appropriate time comes the minister's department, or whatever department may have this matter under its jurisdiction, will be able to proceed with plans which we should formulate now to have in Canada a national library which will be a credit and a tribute to a great nation. In Canada I think we are sometimes apt to be too modest about our achievements and in our outlook for the future, but I am hopeful that in the days which lie ahead, now that we are progressing so rapidly in material developments, we shall not put aside all thought of educational and cultural attainments and those other things which mean so much to a people if they are going to be a well balanced part of our civilization.

Mr. KNOWLES: I rose at the same time as my hon. friend the leader of the opposition to speak in part on the very same subject on which he has made his very appropriate observations. I think, too, that one might recall, in his absence, that some strong representations on this subject have been made by the hon. member for Essex East, the parliamentary assistant to the Minister of Labour. I mention him at this time along with the leader of the opposition and my own remarks to underline the fact that this is by no means a partisan issue, but rather something in which a great deal of interest is taken by many sections of the Canadian public. I earnestly hope that the day is not far distant when it will be possible to set up in Canada a national library, and I hope that it will be set up in such a way as to serve as many of our people as possible from coast to coast.

I think it would be in order if the minister would make some comment at the same time as to the work of the national gallery. Under the auspices of the gallery, even under war conditions and with war-time restrictions, some worth-while projects have been carried on, and perhaps the minister would make some reference to them. At the same time I wonder if he would also say a word about the national museum, which I believe also comes under this item.

Mr. FOURNIER (Hull): No; it does not come under this item.

Mr. KNOWLES: This item on page 38 of the estimates, with which we are now dealing, refers one for a break-down of the vote to page 177, and in that break-down I find mentioned a senior museum asssitant, other museum assistants, and a museum helper. It was because of those items in the break-down that I thought the museum was included in this item. At any rate it perhaps will be no more out of order to make reference to the national museum than to a national library, and the minister might speak on that subject when he rises in a moment or two.

I think we all share the views expressed by the leader of the opposition that in these days, when we have found what we can do in the way of raising huge sums of money for the things that have to be done in the time of war, we should not forget to raise similarly large sums of money for the good things of life and for the cultural development of this country.

This is still one other activity I should like to mention which might be included along with this kind of work. It is strange that this item should come under the Department of Public Works, but that of course is no reflection on the minister; it is just a comment on the administrative set-up. Along with the national gallery, the national museum and the national library I would suggest that there is room in this country for the development of handicrafts. The suggestion has been made in some quarters that if a lead is to be given in this kind of work, it might come under this same division of the minister's department.

I should be glad if the minister would make some comment on the status of these things and at the same time state whether the government have any plans for enlarging the work of the national gallery and the national museum, and for setting up a national library, and instituting work in handicrafts.

Mr. STIRLING: Would the minister also give some information with regard to the purchase of pictures? I see that $15,000 of this sum is allocated to purchase the works of Canadian artists. From time to time the opportunity arises to become possessed of a work of considerable value, which would be a great addition to the national gallery, an opportunity which in the past has been considered one that should not be lost. I wonder how the money is made available for such purposes.

Another thing I would ask the minister to go into is the extent to which the loan exhibitions have been made use of across Canada and where they have been shown.

Mr. FOURNIER (Hull): In years gone by, the estimate for the national gallery was about double what it is this year. In 1928-29 the expenditure was $134,988.79. At the outset of the war the vote was cut down to $44,246.82. The estimate for 1942-43 was $43,082.44. This year it is increased to around $65,630. The increase comes about by the addition of two employees and the funds for the cost of living bonus. Since the beginning of the war a scheme was devised by the national gallery,

and with the approval of the Minister of National Defence nearly ten thousand reproductions of the work of leading Canadian artists have been supplied to the Canadian forces at home and overseas for the decoration of recreation rooms and other quarters. At the request of the British war office two thousand prints have been distributed to the British forces. Two hundred prints have been sent to Canadian prisoners of war in Germany. The same prints have been supplied to United States units in Canada and Newfoundland, and are being furnished through the Department of External Affairs to all Canadian legations and government offices abroad.

We have held war-time exhibitions in Ottawa and elsewhere in Canada. The national gallery as a war service has made special efforts to hold exhibitions having relation to the war and the part of Canada and the united nations in it, beginning with the great "Britain at War" exhibition in 1941. The series has been continued with marked success, and has included Australian, Polish, Russian, Mexican, Czech, Chinese and United States collections, which have been shown first in Ottawa and subsequently circulated through Canada. A number of exhibitions of Canadian art have been held abroad and others are in process of formation or projected. The national gallery has placed its facilities at the service of the army and the Royal Canadian Air Force for the purpose of developing art exhibitions within the services. These exhibitions, which the military authorities regard as of the highest importance, involve a substantial amount of extra work on the part of the national gallery. The gallery also cooperates with the Y.M.C.A. in circulating art exhibitions to all camps in Canada.

As to educational work, the gallery has made special efforts to sustain public morale by increasing educational work in Ottawa and elsewhere in the dominion. Loan exhibitions have been improved and extended, and the musical programmes on Sunday afternoons have been made a regular feature of the gallery programme with good results.

As to the sale of reproductions by the national gallery, these sales increased to 14,886 in 1942-43 and to 26,000 for the first eight months of 1943-44, and probably reached a total of 30,000 before its conclusion.

I have an item here, "plans for future developments." A grant of $24,000 from the Carnegie corporation has been made available to the national gallery for the purpose of encouraging art interest throughout Canada, provided that the national gallery itself is able to make a fair contribution in this direction. Plans are now being made so that constructive action can be taken immediately peace is established.

There are two schools of thought. Many want us to increase this amount to a very high level, and I believe that in the next budget something will be done with that in view. As to the present time, the government is directing its efforts toward the conduct of the war, and it has not yet decided to increase our civil estimates in this direction. But I personally believe, with the leader of the opposition, that as a post-war project a national library would be a great memorial in a country of our size and population. I am not speaking for the government; I am giving only my personal opinion on this matter, but I think it would be one of the most useful ways in which we could spend the people's money so that they would have a return by being given the privilege and the opportunity of developing their knowledge and their culture. I would be prepared to second a proposition of this kind by the leader of the opposition if ever it came up for discussion.

Mr. McIVOR: I am not going to oppose a post-war effort for a national library, but to me there is something far more important than that. This war is being fought by all Canada. A national library placed in the city of Toronto or Montreal or Ottawa or Halifax or Vancouver or—

Mr. GRAYDON: Fort William.

Mr. McIVOR: —Fort William, would help only one city. I think we should have a recreational centre in every community, with a reading room, with all the athletic endeavours of the community centred in that place. If you had that you could make it a memorial to our boys, and the government could very well give a donation. I am giving notice to the Minister of National Defence and the Minister of Public Works that we shall count on the government of Canada for a donation of that kind, because they took our rink, and now it is one of the finest armouries in Canada, but we have no hockey rink. One of the outstanding agencies for the obliteration of juvenile crime is a recreational centre with a good reading room, with good, clean, Christian supervisors. It would far outshine any national gallery which could be put up in any centre in Canada.

Mr. FOURNIER (Hull): Just to complete the record and be fair to the national gallery I should like to add this statement. In 1942 the director was made chairman of the Canadian war artists committee, established under the authority of the defence council to develop

a record of Canada's part in the war, using Canadian artists. Fifteen of the foremost Canadian artists have been selected and commissioned—six in the army, six in the Royal Canadian Air Force and three in the navy. Some are in England, Africa, Italy and elsewhere as well as in Canada. The organization of their work, the supply of materials, the care of the paintings produced and the arrangement of exhibitions is largely the responsibility of the national gallery. An exhibition of Canadian war art will shortly be opened in the national gallery at London. As many qualified civilian artists as possible have been employed in Canada outside the defence council scheme under the direction of the national gallery. These artists have been assigned to work on the Pacific coast, the Alaska highway, the east coast, on the Atlantic convoys, and elsewhere to record important phases of Canada's war effort. In most cases the artists have contributed their time except for payments to cover expenses.

Mr. KNOWLES: Would the minister indicate where the museum comes in the estimates?

Mr. FOURNIER (Hull): These probably are the ones which take care of the paintings we have in the gallery. If the hon. member has reference to the museum, that does not come under my department at all. I believe it comes under—

Mr. STIRLING: Mines and resources.

Mr. BRUCE: I think it is an excellent idea to have these artists commissioned and securing for Canada some wonderful portraits and pictures of war scenes during the war. Has any thought been given to the method of housing these when they return? A suitable building will be necessary, and I suggest it might be well to think about that now. I remember that after the last war a great many important pictures were sent to Canada, and I am not sure that there is yet a suitable place provided in which to display them.

Mr. FOURNIER (Hull): I understand we are giving thought to a project of that kind; but it is considered as a post-war project. We are not contemplating the immediate erection of a building in the midst of a war.

Mr. BRUCE: I should not think that would be done now, but it will take some time to get ready for the post-war reconstruction period.

Mr. ROSS (St. Paul's): I support what my leader has said in connection with the national library. I would refer the committee to resolution which was passed in the other place not long ago with reference to a uniform school history book for Canada. In conjunction with a national library for Canada we could teach history on a basis that would be acceptable to all the provinces, and in that way we would do a great deal for the unity of the country.

Item agreed to.

General—

313. Miscellaneous works not otherwise provided for, not more than $3,000 to be expended upon any one work, $25,000.

Mr. CRUICKSHANK: Is preference being given to disabled veterans in every elevator operated under the control of this department? I would suggest particularly that those which are automatic should certainly be so treated and that an absolute preference should be given to disabled veterans. I do not know whether that is the rule now.

Mr. FOURNIER (Hull): These elevator operators are civil servants, and they come under the scope of the civil service act and receive preference under that act over all other applicants. There is a special section in the act giving them that preference.

Mr. CRUICKSHANK: I am not particularly concerned about civil servants; my concern is with the veterans. If I were allowed to do so I could tell the minister what I would do with the civil service commission. Certainly I do not think they should have any say in the matter. I understand that all government buildings come under the Department of Public Works, and I contend, therefore, that the minister's department should have control of this matter and that the disabled veterans should have an absolute preference in all elevators.

There is another point I would touch upon. There is an excellent engineering staff in our province. I have never heard any complaints about their work, and the only fault I have to find is that they are not paid enough. They should be getting more money than is being paid them; they should be better off in comparison with the work that others do, because they have a greater responsibility. I do not think the department is paying either British Columbia or Yukon the salaries that should be paid considering the responsibilities that are placed on engineers and senior officials in that part of the country.

Another complaint I have is that sufficient authority is not given to the departmental representative in that province. If I as a member of parliament suggested that certain wharves were falling to pieces and endangering the lives of the people in my riding, action would have to be referred to Ottawa and, I presume, to that other place, and then forwarded to Geneva; the report would come

back here and eventually the government would give the engineer authority to spend a few dollars. There are district engineers in British Columbia and other provinces, and surely they are competent to administer the expenditure of a small sum of money on their own when they are supervising the expenditure of many millions of public money in the construction of projects of one kind and another. In small matters they should have authority, without reference to Ottawa, to make a reasonable expenditure. I do not suggest for a moment that they should have authority to spend $100,000 or so. I do not know what the amount is that they can spend now on their own, and I would be glad if the minister would inform me as to that. Up to what amount can the engineer spend without reference to the department? Whatever it is, I am sure it is not enough. If the minister has sufficient confidence in his district engineer to allow him to supervise the expenditure of millions, then I suggest that the engineer should be allowed to act on his own in the expenditure of a few thousands. The matter has always to be referred back to the department, and if any expenditure is improperly made it will not be sanctioned. The privilege I have suggested should be given the engineer. May I ask exactly what his privilege is in this connection?

Mr. FOURNIER (Hull): It is a matter of opinion.

Mr. CRUICKSHANK: And I have given my opinion.

Mr. FOURNIER (Hull): I respect the hon. gentleman's opinion, but I do not know that what he suggests is justified right now. He tells us that resident engineers and architects spend millions. That is more than the minister has at his disposal.

Mr. CRUICKSHANK: Do not put words into my mouth. I say that they supervise large expenditures and the department O.-K.'s them.

Mr. FOURNIER (Hull): Not in these years, because the total estimates of my department are thirteen millions.

Mr. CRUICKSHANK: How many millions did you say?

Mr. FOURNIER (Hull): Thirteen.

Mr. CRUICKSHANK: That is quite a few millions.

Mr. FOURNIER (Hull): But that is spread over the dominion from the Atlantic to the Pacific, and we have resident engineers in each district so that they do not supervise large expenditures. The hon. member would not want us to give authority to employees to spend large amounts without sanction from Ottawa. That would not be a good policy. The minister himself, with all his technical advisers, cannot spend very large sums. They have to be submitted to council after approval by parliament.

Mr. CRUICKSHANK: I am not asking for large sums. I could give specific cases where the department did not authorize the engineer to make only a nominal expenditure of a few hundred dollars, and the consequence was that it cost the people of Canada several thousand dollars. I do not say that the engineer should be allowed to spend large sums, but take an expenditure of $500. I do not know what the limit is, but that is not a large amount of money for public works. The trouble is that the department does not realize that there is such a place as the west, such a province as British Columbia. That province is three thousand miles away and we have a very long coast. After all, there are only two coastlines in Canada, one in the maritimes, that other forgotten part of Canada, and the other in British Columbia, and there are hundreds of wharves to be attended to. I contend that the engineer should have authority to spend a reasonable amount. No one expects him to be given authority to spend thousands of dollars, but certainly he should be allowed to spend a reasonable amount. The Minister of Finance and the wartime prices and trade board would agree that, in order to keep down inflation, it would be better to spend a reasonable amount instead of having to spend enormous sums afterwards. The department cannot deny that, simply because its engineer had not been given the authority to make a reasonable expenditure when equipment was available to do the work, but was obliged instead to refer the matter back to Ottawa, it cost thousands of dollars later on to bring in that equipment.

Mr. FOURNIER (Hull): I do not want to start an argument on the best way in which to spend public moneys, but I do think we could give authority to individuals to spend money without authorization after due consideration of what they want to do with that money. I should not like to say that we would give a blank cheque to an architect or an engineer to spend $1,000 or $2,000 or $5,000 without first having the approval of the governor in council. I am convinced that our system is certainly the best way of protecting public money.

Mr. CRUICKSHANK: Can the district engineer in British Columbia spend any amount without referring it to the department?

Mr. FOURNIER (Hull): In urgent cases up to $200.

Mr. MacNICOL: Last year I asked the minister if repairs would be made to docks at the Pas in northern Manitoba, and as the member for that district is not present I should like to ask a question.

Mr. FOURNIER (Hull): I cannot recall that the question was put, but perhaps my memory fails me. At any rate, this item is to cover unforeseen construction of miscellaneous works which cannot be taken from the general votes and which otherwise have not been provided for, the amount to be expended on any work not to exceed $3 thousand. This amount of $25,000 is generally expended in small sums of perhaps one hundred, two hundred or three hundred dollars, to cover unforeseen contingencies, small repairs and emergencies.

Mr. MacNICOL: Have any repairs been made to the docks at the Pas?

Mr. FOURNIER (Hull): No, I do not recall that we have made any repairs there. I can give the hon. member a list of the works which were authorized under this item last year.

Mr. MacNICOL: I am only concerned with that one.

Mr. FOURNIER (Hull): There was no work done at the Pas last year under this item.

Mr. MacNICOL: A few years ago the government spent a large sum of money on the construction of docks at the Pas, but during the last few years those docks have become badly dislocated and dangerous. I should think the resident engineer there ought to be ordered to send in a report as to what can be done. It is beyond my comprehension why any department would allow a situation to remain such as exists at the Pas. The least we can do is to put the docks in a safe condition. If children are drowned or fall through the broken boards and get hurt at these docks the government will be responsible.

Mr. FOURNIER (Hull): I cannot recall having received any request for repairs there.

Mr. MacNICOL: Yes; I brought up the matter myself.

Mr. FOURNIER (Hull): I will have the officials and the engineers investigate and make a report.

Mr. MacNICOL: Who is in charge of maintenance and repairs for the docks on lake Winnipeg?

Mr. FOURNIER (Hull): It is our engineer in Winnipeg.

Mr. MacNICOL: I should like to know why the pioneers in the riding of the hon. member for Selkirk should be compelled to endure the present conditions in connection with those docks. I was down the west side of the lake last summer, and the ship came alongside one dock in particular. I have forgotten the name of it; I took a picture at the time, and a moment ago I went upstairs to look for the picture, but in my hurry to get back to the chamber I did not find it. I have forgotten the name of this small place where the dock was, a very nice little place, but apparently on some previous trip the log dock had been knocked helter-skelter, so that the ship I was on had great difficulty in coming alongside a crib that had been constructed. The passengers had to hop from one crib to another, across narrow planks. The departmental engineer at Winnipeg, or wherever he is located, certainly should go up and down the lake every year to see that the docks are kept in proper shape.

Mr. FOURNIER (Hull): I am told that the engineer is actually touring that part of the country now, and later on I shall receive a report from him. As a general policy I would have no objection to sending my engineers to every riding to look over the public works and see what repairs they require, but I am doubtful if I would be able to get an estimate through the house for four or five million dollars to do the work. I do not think at this time the house would be prepared to approve the expenditure that would be required to repair all these wharves, docks and public buildings. Hundreds of requests have come in during the last few years, and we have had to resist them as far as possible. I should be only too pleased to have the money with which to have all this work done, but I do not believe I should request an increase in my estimates this session.

Mr. BRYCE: For the information of the hon. member for Davenport I can say that the island to which he is referring is Matheson island, where the dock was in very bad shape. The local residents went to a woodlot there, belonging to one of the large companies, and took some piles for the purpose of repairing it. For their labours they were fined $5 for each stick they took in order to keep that dock in place. I have been up through those islands and have seen those docks since my hon. friend was there, and they are badly in need of patching.

Mr. HAZEN: I do not know how the amount voted under this item will be expended, but not having been in the house this afternoon—I had to attend the banking and commerce committee—I should like to take this opportunity of calling the minister's attention to the condition of the breakwater and wharf at Chance Harbour, Saint John county, New Brunswick. I brought this matter to the attention of the Department of Public Works before the present minister occupied his position. The last time I was in that vicinity I found that nothing had been done. The amount required to make the repairs would not be very large, but the longer the work is delayed the more these repairs will cost, and I believe this is work that should be done. I noted that last year some very necessary repairs were made to the wharf at Lorneville, in the county of Saint John, but nothing has been done at Chance Harbour. I hope the minister will look into that situation and endeavour to have that wharf and breakwater repaired.

Then I should like to ask if last year the total amount of $30,000 under this item was expended; whether any portion of that amount was spent in the province of New Brunswick and, if so, where and how much?

Mr. FOURNIER (Hull): The estimate last year amounted to $30,000 and the expenditure authorized was $29,928.37. Of that total, $824.48 was spent at Wilson's Beach, New Brunswick. That was the only amount spent in New Brunswick under this item last year.

Mr. HAZEN: Will the minister be good enough to look into the matter at Chance Harbour?

Mr. FOURNIER (Hull): I certainly will; I will have the engineer make a report on it.

Mr. McGARRY: I do not rise to compliment the minister on his generosity in spending money on public works in my constituency, but I wish to congratulate him upon the promptness with which he responds to any appeal I make in regard to necessary repairs to public wharves and so on in my district. We have heard the suggestion that district engineers should have the right to spend money promiscuously. I do not think that would be a good thing. I find that the practice in connection with public works in my constituency is this. I bring the matter to the attention of the minister, who promptly asks his district engineer to look over the work and recommend what in his opinion is required in the way of repairs. As hon. members know, under war-time conditions, civil construction is pretty well off the map. I must say that I have every confidence in our district engineers, and I believe the minister and the department have the same confidence. I say that because it has been my experience that after the district engineers make an investigation, their recommendation to the department is in most cases carried out. That is the way the work is done in my constituency, and it has worked out very satisfactorily. I must also congratulate the minister upon his promptness in bringing these matters to the attention of our district engineers who, after all, are the men best qualified to make recommendations.

I believe the minister is inclined to be ultra-generous, but it so happens that in war time we have to put up with minor repairs. However, after the war is over I pity the minister, and his district engineers as well.

Mrs. CASSELMAN: As the minister probably knows, the city of Edmonton is divided by the Saskatchewan river, which passes through it. We have some bridges which have been built partly from federal help. There is one of them, however, which needs to be repaired and changed considerably. The low-level bridge is very narrow. It is used by one of the railways, and also by the street cars of the city. It is old and, while I do not think it is dangerous yet, it is approaching that point.

I have spoken to the minister about building a new bridge at that point in Edmonton, and I thought perhaps it might be wise to remind him again of that suggestion I do not believe it should be undertaken right away, but as a post-war project I should like to put in a claim for a new low-level bridge in Edmonton.

Mr. POTTIER: The minister said a moment ago that he hesitated to bring before parliament any request for the expenditure of money on breakwaters and public works. I believe the time has come when there must be a change in the present policy of maintaining wharves and breakwaters. It is reaching the point where the money expended is no longer maintaining those wharves and breakwaters; they are breaking away, and going to pieces. The emergency repairs are not extensive enough to maintain the structures. In the very near future I believe the government is going to have to ask parliament for more money; otherwise these public wharves and breakwaters will go out of existence, and they will be no longer available for the public service they are supposed to render. I urge upon the minister that in connection with next year's estimates some thought be given to this point.

Item agreed to.

General—

317. War risk insurance—subject to allocation by the treasury board, $215,000.

Mr. ROSS (St. Paul's): Would the minister give an explanation of this item? I notice that last year the amount was $270,000.

Mr. FOURNIER (Hull): This amount of $215,000 is to provide for the payment of war risk insurance on property under the jurisdiction of the Department of Public Works. These properties are evaluated at approximately $199,067,189, and are insurable for ninety per cent of their value, or $179,160,470. The premium is at the rate of twelve cents per $100, thereby making a total of $214,993, or approximately $215,000 in round figures.

Mr. ROSS (St. Paul's): Have they had losses?

Mr. FOURNIER (Hull): No. The hon. member will recall when this law was put on the statute books.

Mr. ROSS (St. Paul's): Is this risk carried by the dominion government?

Mr. FOURNIER (Hull): Yes, it is; but I would have to read over the Act to Provide for Insurance of Property Against War Risks and the Payment of Compensation for War Damage, assented to on August 1, 1942. I do not recall the specific sections in that act, but I know that government properties come under that scheme of insurance. The premium is paid into a fund, and I cannot recall what is to take place with regard to that fund after the war. However, it is not only government property that is insured under this act; private property is included as well.

Mr. ROSS (St. Paul's): That is a premium paid to the dominion government, is it not, for insurance by the dominion government?

Mr. FOURNIER (Hull): Yes.

Mr. ROSS (St. Paul's): There is no outside agency which insures it?

Mr. FOURNIER (Hull): Correct.

Mr. ROSS (St. Paul's): What is the object of paying a premium of $215,000 to the dominion government for this?

Mr. FOURNIER (Hull): I do not know if this is the proper time to discuss the statute passed in 1942. There was a lengthy discussion at that time. It was understood that we would come under that act and insure the property. Since the Department of Public Works is the custodian of most government properties in the country, we have them insured at twelve cents per $100, and pay the premiums yearly.

Mr. ROSS (St. Paul's): Was this insurance placed through any agent?

Mr. FOURNIER (Hull): This is a government insurance; we do not have agencies.

Mr. ROSS (St. Paul's): I understand that it is government insurance; what I cannot understand is why. It belongs to the government, and it would seem that the government is just taking money out of one pocket and putting it into another. Is that not correct? I should like to know how this insurance was placed.

Mr. FOURNIER (Hull): The hon. member is dealing only with the government feature of the act. It will be remembered, however, that the act was passed so as to apply not only to government property, but to other property as well. A good many have come under this act, and are paying premiums.

Mr. ROSS (St. Paul's): This is not only government property, then? I understand it is property leased by the government as well.

Mr. FOURNIER (Hull): This is the amount of the premium for properties owned by the federal government. I could read the minute of the meeting, if you wish.

Mr. BOUCHER: Does the minister say that the act requires that the government insure this building?

Mr. FOURNIER (Hull): Here is the section under which we operate, section 3 of the War Risk Insurance Act:

(1) The minister may, on behalf of His Majesty, enter into a contract of insurance with any person to insure against the risk of war damage, any property in which such person has an insurable interest.

(2) The minister may, subject to the provisions of this act or any regulation, determine the terms and conditions upon which he will enter into any contract of insurance, including therein, but not so as to restrict the generality of the foregoing,

(a) the rate or rates of premium;

(b) the amount or amounts of the indemnity which may be payable under the contract;

(c) the maximum amount payable in respect of any insured property or part thereof irrespective of the sum insured;

(d) the terms of co-insurance, if any.

(3) The minister may, in his absolute discretion, refuse to enter into a contract of insurance with any person.

We come under that by a minute of treasury board dated September 30, 1942, reading:

The board had under consideration a submission from the Honourable the Minister of Finance reporting:

1. That under the War Risk Insurance Act, 1942, being chapter 35 of the statutes of Canada 1942, the Minister of Finance is required and empowered to institute a national scheme of war risk insurance to protect buildings, machinery,

fixtures or other structures, erected or placed upon, in, over or affixed to land, and all movable corporeal property in Canada against war damage;

2. That pursuant to the said act, the national scheme of war risk insurance has been established with the cooperation and assistance on a non-profit basis of the fire insurance companies and their agents in Canada;

3. That policies are now being sold to property holders in Canada insuring them against the risk of war damage as from twelve o'clock noon E.D.S.T. of September 15, 1942. The rates and terms of coverage are to be as determined by the Minister of Finance;

4. That every effort will be made to secure as wide a coverage in Canada as possible so as to spread the risk and enable the coverage to be sold at the lowest possible uniform rates of premium;

5. That in order to secure such wide coverage, provision is made in section 31 of the said act for agreements between the government of Canada and the government of any province to insure the property of His Majesty in the right of such province;

6. That the same considerations make it feasible for the dominion government to insure all property of His Majesty in the right of Canada under the national scheme of war risk insurance;

7. That the adoption of the policy of insuring all government property against war risk would constitute a sound budgetary procedure against a possible destruction of large and valuable public assets.

The board accordingly recommended that we insure these properties.

Mr. ROSS (St. Paul's): Is any of that risk carried by the fire insurance companies?

Mr. FOURNIER (Hull): All we know is that we are insured under the act which is under the jurisdiction of the Minister of Finance. I did not study the act before coming into the chamber and I am trying to recall what took place in 1942. I believe it was understood at that time that the government of Canada would insure its own buildings under that scheme, as it was open to the provinces and the public at large to do.

Mr. BOUCHER: As I read the act there is no requirement that the dominion government shall insure against war risk, but there is permission that they may. The government have seen fit to reduce this premium from $270,000 to $215,000. Air raid precautions have been reduced, and I think the argument which caused the government to reduce this vote from $270,000 to $215,000 should cause them to discontinue it altogether. So far as I can see there is no obligation whatsoever to insure against war risk; so why pay $215,000 to carry war risk insurance, either by placing it through an agent or some other company?

Mr. ROSS (St. Paul's): To whom is the $215,000 paid?

[Mr. A. Fournier.]

Mr. FOURNIER (Hull): I am under the impression it is paid to the Department of Finance out of our estimates. The Minister of Finance administers the war risk insurance.

Mr. ROSS (St. Paul's): Your department pays $215,000 to the Minister of Finance? You give him a cheque for it?

Mr. FOURNIER (Hull): Yes. I suppose after the war, if there is no damage, this fund will be distributed in some way or be put into the consolidated revenue fund.

Mr. ROSS (St. Paul's): That really does not answer my question. I should like to know to whom the money is paid.

Mr. FOURNIER (Hull): To the Minister of Finance.

Mr. KINLEY: I think the War Risk Insurance Act which was passed some years ago by this parliament is a splendid piece of legislation. There was an element in it that proved advantageous to the general public, especially the people on the Atlantic coast. Each property home owned was given $4,000 insurance without premium. Unless you had a pool into which the industries of Canada and the public generally came, you would have a position which would not be sound from an economic point of view.

Since the government passed this legislation it seems to me that they should be the first to come into the scheme and protect their property. There is a provision in the act whereby premiums will be returned in a large measure if there is no loss by enemy action. We are thankful to know that we have passed through the crisis so far without much loss, and there will probably be an amount of premiums returned to those who paid them into the fund. I think this scheme was very helpful to the Canadian people.

Mr. FOURNIER (Hull): The hon. member for St. Paul's wanted to know where the money went. Section 21 of the act reads:

There shall be a special account in the consolidated revenue fund called "the war damage insurance special account" herein called the special account, to which the minister shall from time to time credit all moneys received under the provisions of this act.

Item agreed to.

DEPARTMENT OF JUSTICE

88. Departmental administration, $165,975.

Mr. REID: There is one suggestion I should like to make to the Minister of Justice, and I do not know whether representations in this connection have been made to him by the city officials of New Westminster. They have asked that an investigation be made into the

change which was made in the criminal code, I believe last year. Under that amendment reckless driving was made a criminal offence. Formerly a section of the motor vehicle act dealt with driving to the common danger and cases of this kind were disposed of under that section. When reckless driving was made an offence under the criminal code the motor vehicle act was superseded. Since then, innumerable motorists have been convicted of reckless driving and have been penalized, but the experience of the appeals appears to show that none of those decisions would have stood up had it been carried farther.

The section of the code in question is to all intents and purposes inoperative because, no matter how recklessly a car may be driven, it is impossible to establish criminal intent. According to the authorities the effect of the wording seems to be that unless there is excessive speed, which is an offence under both the motor vehicle act and the dominion law, a motorist may be as reckless as he pleases without penalty. A case came to the fore in May of this year where a police constable was injured and a charge of reckless driving was laid. This charge had to be withdrawn because it could not be proved. Previously there was a section in the motor vehicles act of British Columbia which made that an offence. The information given me is that no case will stand up on appeal. Has the minister had any representations on this subject and will he have his officials look into this aspect of the criminal code?

Hon. L. S. ST. LAURENT (Minister of Justice): No representations in that regard have been made to the department since I became Minister of Justice. I do not think I should undertake to investigate a matter which is primarily of provincial jurisdiction unless invited to do so by the authorities of the province. If there are provisions in the criminal code which, instead of being helpful, appear to be embarrassing in any section of Canada, I would expect the attorney general of the province concerned to bring it to our attention. I do not think it would be appreciated by the attorneys general of the provinces if I were to undertake to investigate the ordinary administration of justice in their provinces without invitation from them.

Mr. HAZEN: I would ask the minister if he has had an investigation made into the alleged failure of a certain Toronto firm to have certain tins of methyl alcohol labelled poison which were being shipped from the port of Saint John. If so, would he tell us what the results of the investigation were? In explanation of my question I might say that a coroner's jury which investigated the death of one of the persons who were so unfortunate as to drink some of this alcohol made a recommendation to the effect that in view of the fact that thirteen deaths occurred as a result of drinking this methyl alcohol the attorney general's department should be invited to make further investigation of an apparent violation of the Excise Act by the shippers, and the recommendation went on to name the shippers. Has this matter been brought to the minister's attention?

Mr. ST. LAURENT: This matter has not been brought to the attention of the Department of Justice.

Mr. BRUCE: I would ask the minister if he has yet had a report from the Royal Canadian Mounted Police in connection with the correctness of the reported statement by Jacques Sauriol.

Mr. ST. LAURENT: I have not yet had a report. I got a preliminary report of the interview which the police had with the lawyer who generally acts as counsel, but so far they have not supplied him with what he would consider satisfactory evidence. They are still proceeding with their investigation.

Item agreed to.

96. Payments of gratuities to the widows or to any dependent children of judges who die while in office, $15,000.

Mr. BENCE: Just ahead of this item it says:

Other courts—
Judges' salaries and travelling allowances.

But I do not see any item here under which I might ask a question with respect to judges.

Mr. ST. LAURENT: Judges' salaries and travelling allowances are not required to be voted. That is statutory. The statutes provide what are the salaries and what are the travelling allowances, and this is the estimated amount according to the provisions of the statutes in that regard.

Mr. BENCE: I wanted to ask some questions about judges' salaries and travelling allowances, and I thought there would be an item under which I could ask them.

Mr. ST. LAURENT: There is no item to be voted because the salaries are fixed by statute and are a charge on the consolidated revenue fund. It is the same with respect to travelling allowances. But if there is a matter of information that I can supply, I shall be glad to do so.

Mr. BENCE: First of all I wanted to ask about the absence of the Hon. Mr. Justice Davis from the court of appeal of Saskatchewan. Is it contemplated that he will return to the court of appeal shortly? In view of the fact that he is absent on diplomatic duties, will his rights with respect to superannuation continue in his absence? If so, would the minister give us an indication of whether Mr. Justice Davis could retire on superannuation at the present time if he wished to do so? That is my first question. The other question I wish to ask is whether we may expect in the near future an appointment to the vacancy on the court of king's bench of Saskatchewan, which vacancy has existed now for just about a year.

Mr. ST. LAURENT: With respect to the first question, an answer would be an expression of opinion on a matter of law. Mr. Justice Davis is absent on leave without pay while serving in the Department of External Affairs, and I should not like to express here an opinion as to whether the time he is on leave with the other department could be reckoned for pension purposes; but I do not see that it has any practical bearing, because the pensions which are awarded under the Judges Act do not, in the case of the high court judges, depend upon the length of service; they are the same whether the service has been one year or five or twenty-five or thirty years. I do not think any practical effect could be attached to any opinion I might give as to whether the number of years in another department would count as years served on the bench.

With respect to the second question, there are several high court vacancies the filling of which is under consideration at the present time. There are two in the Supreme Court of Canada; there is one each in British Columbia, Saskatchewan, Ontario and New Brunswick; and I have a list—quite a long one—of gentlemen who have been recommended and some of whom have been communicated with in connection with the supreme court. At least three gentlemen whom we considered would be desirable on the bench of the supreme court have explained to us that for personal reasons it was not possible for them to accept the honour we were disposed to recommend for them. But I can assure the hon. gentleman that I appreciate as keenly as any practising lawyer the desirability of disposing of these matters with as much dispatch as is possible.

Mr. BENCE: Just one more question. I believe I asked it before but I imagine the minister missed it. Is it contemplated that Mr. Justice Davis shall continue to be absent from his post as a member of the court of appeal of Saskatchewan?

Mr. ST. LAURENT: I am unable to make any positive statement as to that. Mr. Justice Davis undertook this work for the Department of External Affairs as a war job, and at the time it was for not more than the duration of the war. There has been no arrangement made since that time, and I know of no change in the intentions in that regard of Mr. Justice Davis or of the government.

Mr. DIEFENBAKER: This item affords an opportunity for the minister to give the committee and the country his ideas with respect to a question which is being widely discussed to-day, namely the matter of judicial reform. The problem arises by reason of the fact that a very considerable number of judges in the superior courts of this country are over the age of seventy-five years. The Canadian Bar association on several occasions has discussed the question of the need of legislation being introduced which would provide for compulsory retirement of superior court judges at that age. Only recently, at the midwinter meeting of the Canadian Bar association for the province of Ontario, a resolution was passed, I believe unanimously, by the members of the council of the association, as follows:

> That each judge of the Supreme Court of Ontario—

And I think it is equally applicable to the other provinces.

> —whether heretofore appointed or hereafter to be appointed, shall cease to hold office upon attaining the age of seventy-five years, or immediately if he has already attained that age; provided that the tenure of office of any judge who has attained the age of seventy-five years may be extended beyond that age by the governor in council.

There have been striking examples of members of the judiciary of over this age who have made outstanding contributions, but generally speaking, and I think properly so, the attitude taken by the bar association and also by the public at large is that in the interests of the administration of justice provision should be made for compulsory retirement at that age. I realize the difficulties inherent in the problem, in that it is necessary in order to effectuate compulsory retirement that an amendment to the British North America Act be brought into effect, and in the resolution to which I have made reference it was recommended that an amendment should be asked for to the end that the resolution might be carried into effect. There is no more im-

portant matter before parliament than to ensure that the administration of justice shall be maintained at the highest level. It can be so maintained only by assuring that the appointments made shall be of outstanding men, men of great ability, learned in the law, and also that age or other infirmity of any members of the judiciary shall not be permitted to stand in the way of a sound and judicial system.

I would appreciate it, and I know the country at large would, if the minister would place before this committee his attitude with regard to this problem, to the end that the administration of justice may be maintained on the highest possible plane.

Mr. BENCE: I endorse the remarks of the hon. member for Lake Centre. I discussed this subject at considerable length when the amendments to the Judges Act were before the house, and I do not propose to repeat the arguments I advanced at that time. As the minister put it then, this matter was, I believe, on the agenda for the next dominion-provincial conference. I am a little worried about the fact that the holding of that conference seems to be very indefinite, in any event as to date, and I suggest that this type of matter might easily be handled direct with the provinces without the necessity of waiting until they all come to Ottawa or some central point to discuss problems which are of interest to them all.

It is an insidious position in which the judiciary finds itself, as well as the bar of this country, when members of the county and district courts are retired compulsorily at the age of seventy-five years, when members of the supreme court and of the exchequer court are retired compulsorily at the same age; yet in the intermediate courts, the king's bench and the courts of appeal of the various provinces, the judges hold their positions during their lifetime.

Mr. REID: How did it arise that they are different from the others?

Mr. BENCE: It all arose because of the British North America Act, which provided that in those courts the judges should hold their positions for life, whereas it gave the power to the dominion government to set up other courts and did not restrict them in any way in their setting up. That is why it is necessary to amend the British North America Act, because the dominion government and the administration say that by virtue of the language of that act, they have not the right to compulsorily retire such judges at seventy-five. On the other hand, with respect to these other courts, power was merely given to set them up and the dominion government had all the necessary jurisdiction to handle them in connection with matters of salary, retirement, and that kind of thing. The suggestion has, I believe, the unanimous support of the bar; I feel sure that it has the sympathetic attention of the minister; and I suggest to him that action might be expedited and that we need not necessarily wait until the holding of the dominion-provincial conference to deal with it.

Mr. ST. LAURENT: I agree heartily with what has been said by the hon. member for Lake Centre and the hon. member for Saskatoon City as to the desirability of there being provision for the superior courts, that is to say the high trial courts and the courts of appeal, to retire judges therefrom at a stated age. As the hon. member for Saskatoon City has pointed out, the reason why that cannot be done without an amendment of the British North America Act is that, under section 99 of that act, the judges of these courts hold office during good behaviour, and it has been held that the legal effect of the grant of an office during good behaviour is the creation of an estate for life in the office. Such an estate is terminable only by the grantee's incapacity on account of mental or bodily infirmity or by his breach of good behaviour.

As I stated on a former occasion, that is an item which is on the agenda for consideration at the dominion-provincial conference. The hon. gentleman expresses regret, which I share, that it has not been possible to have that conference prior to this time. He will realize that it would not be possible now, while the governments of three of the provinces are seeking a renewal of their mandate, to bring them here to discuss important matters which will have a long-time effect on their respective provinces. As the hon. member recognizes, the matter is something which is of concern both to the dominion and to the provincial governments because, though we appoint the judges, the administration of justice is a matter of provincial concern. At present there are in Ontario two high court judges who have passed the age of seventy-five; in Quebec, three; in Nova Scotia, one; in New Brunswick, two; in Manitoba, one; in Alberta, one; in Saskatchewan, none; in British Columbia, none; in Prince Edward Island, none. There are several gentlemen who have passed the age of seventy-five and who are still, as hon. members know, quite alert and competent and who are doing valuable work. I do not want to give any further indications, and I have said that because I would not like all these ten gentlemen who are on the

bench at the present time and over the age of seventy-five to feel that everyone looked upon them as being incompetent to perform the work they are still doing. With respect to several of them I know that is not the case; but I think there should be a rule, which would be substantially in the form of the resolution read a few moments ago, that upon attainment of a certain age there should be retirement unless in certain cases and in a special manner the gentleman who had passed the age was invited to continue in office.

Possibly the suggestion of the hon. member for Saskatoon City, that this could be dealt with by correspondence with the attorneys general of the nine provinces, instead of waiting until we could have a provincial conference, which we have been so hopeful of getting, might seem to be almost a defeatist attitude. To say that there were some things we dealt with otherwise would, I think, be looked upon in some quarters as a confession that we were not going to have, in any reasonable time, a bringing together of those who should sit in such conference. I do not think there is anything more I can say at the moment. I do not believe that there should be an application to have the British North America Act amended in that respect without the concurrence of the provinces.

Mr. DIEFENBAKER: Has consideration been given to the passing of legislation by parliament that, upon a judge attaining the age of seventy-five, if he chooses to continue to hold and exercise the prerogatives of his office, his salary thereafter shall not exceed the amount he would be entitled to should he retire on pension?

Mr. ST. LAURENT: Consideration has been given that, and I understand that at one time this house passed in those terms a bill which did not become law. I looked over the files that had been used at that time and, after examining them and the debates which took place, both where the bill was adopted and in another place where it did not meet with approval, I did not pursue the idea of reintroducing it. I thought the situation had reached the point where it would not be difficult to get the concurrence of the provinces to do the thing in the direct way, and I think that is the way in which it would be best to have it done.

Mr. DIEFENBAKER: Have any representations been received by the minister from any of the attorneys general suggesting their willingness to cooperate, or have the various provinces been consulted by correspondence or otherwise as to their willingness to consent to that being carried into effect?

[Mr. St. Laurent.]

Mr. ST. LAURENT: I do not think I could assert that anything of an official nature that could be acted upon has taken place, but I have reason to believe, not from correspondence, but from contacts with attorneys general, that it is generally felt it would be a wise provision.

Item agreed to.

98. Operation and maintenance of penitentiaries, including administration, construction, purchase of land, supplies, equipment and live stock; maintenance, discharge and transfer of convicts; compensation to discharged convicts permanently disabled while in penitentiaries, $2,997,385.

Mr. HAZEN: How many penitentiaries are there in the dominion, and what is the approximate number of inmates in each?

Mr. ST. LAURENT: There are seven penitentiaries, and at the end of June the total number of inmates was 3,015.

Mr. HAZEN: Is that the total in the seven penitentiaries?

Mr. ST. LAURENT: That is the total in the seven penitentiaries including the penitentiary for women at Kingston.

Mr. HAZEN: Are the numbers in the different penitentiaries about the same, or is there any wide difference?

Mr. ST. LAURENT: There are wide differences. In Kingston there are 619 male prisoners and fifty-one female; St. Vincent de Paul, Quebec, 891 prisoners, all male; Dorchester, the penitentiary for the maritimes, 356 prisoners, all male; Manitoba, 266 male prisoners; British Columbia, 324 male prisoners; Saskatchewan, 317 male prisoners; Collins Bay, which is alongside Kingston penitentiary, 194. I gave the total as 3,015; that was the previous month. At the end of June it was 3,018.

Mr. HAZEN: Under the heading, "operation and maintenance of penitentiaries," on pages 90 and 91 of the estimates, looking through the different items I notice that there are employed two dentists, three physical training instructors, four physicians and so on. If you have six or seven penitentiaries do you maintain different staffs in the different penitentiaries? Why should there be a physical instructor engaged in one or two penitentiaries and not in all the penitentiaries? Why should dentists be employed in one or two of the penitentiaries and not in the others? The same thing applies to physicians; why should there not be one in each penitentiary, rather than only four physicians employed altogether? There are some other items which show that the same classes of people are not employed in all the penitentiaries.

Mr. ST. LAURENT: The establishment for each penitentiary of course is different. That establishment has been determined according to what was felt to be the needs of each penitentiary individually. There are physical instructors in all the penitentiaries. In some they are guards who are acting as physical instructors but who are classified as guards. In two of the penitentiaries the special position of physical instructor was established and the persons performing those duties are described as such on the payrolls With respect to the dentists, there are only two penitentiaries having full-time dentists; in the others there are part-time dentists. The same situation exists with respect to medical attendants; there are full-time physicians in, I believe, only four penitentiaries. In the others satisfactory medical service is attained from practitioners who do not devote their full time to the prisoners.

Mr. DIEFENBAKER: Would the minister say how many men sentenced to imprisonment for life on commutation of sentence of death for murder have been released in each of the last three years after serving for various periods of time? In asking that question I do not desire to criticize the policy in any way. I have seen in the press some condemnation of the policy adopted by the department of permitting men who have had their sentences commuted from death to life imprisonment to be released after serving twelve, fourteen, fifteen or more years. While no doubt there have been isolated cases in which this has been a dangerous course to follow, as has been proven by experience, in a recent case, I trust that the department will continue to follow the practice of allowing these men to look forward to the day when they will be released from incarceration.

Recently a man was released from one of our penitentiaries after serving some fourteen years following his conviction for murder. When that man entered the penitentiary upon his sentence being commuted he was illiterate and purposeless, and would have never amounted to anything but for the opportunities in the way of education that were afforded him in the penitentiary, which I am not going to identify in order to not bring home the identity of this man. After fourteen years of imprisonment in which he displayed exemplary conduct, during which time he passed through all grades from grade 3 to the equivalent of grade 11, or matriculation standing, he was given ticket of leave. That man is now serving or will shortly be serving overseas with the Canadian army. He has made good, and intends to keep on making good—the result of the opportunities he was given and the helpful consideration he received from the warden and guards in the penitentiary.

I trust that the minister will continue the policy of granting ticket of leave in worthy cases, circumscribed as it must be by the peculiarities of each individual case; for if the penitentiaries of this country can show even a few cases such as the one to which I have referred, the system now in effect of holding out the hope of eventual parole will have been successful and worth while. I repeat that in asking the question I did ask I had no thought of criticizing what is being done, for in my opinion the system of parole has worked out well. While a few men, after having been given the opportunity of reestablishing themselves in civil life, have been returned to the penitentiary, many men have been rehabilitated under the care and kindly attention they received while incarcerated for the crimes they have committed.

Mr. ST. LAURENT: I am sorry I cannot give the figures for the last three years. To the best of my recollection, from December 10, 1941, to date four tickets-of-leave have been granted to persons who have had capital punishment commuted to life imprisonment. One case is that to which the hon. member has referred to and about which I also have received very encouraging reports. In the second the result has been most unfortunate. The third is the case of a man who had reached the age of seventy-eight or seventy-nine, who obtained a ticket-of-leave and was restored to his family. He is not able to get about; he is being cared for by his family and will remain with them. The fourth case was that of a man who was suffering from cancer to a degree which was looked upon by the medical attendants of the penitentiary as hopeless. He wanted to be given radium treatment; his family was able to provide it for him, and he was told that there was some prospect that it would be beneficial. He also had become an old man, and in view of the fact that the attendants at the penitentiary would not recommend the treatment he wanted to have, and that his family could obtain it for him, it was felt that it would be only humane to allow him to obtain that treatment. In all these cases we had strong recommendations from the respective wardens and chaplains, and it was felt that they were cases which could be sympathetically considered. In addition to everything else, the fact that there is some hope even for those serving life sentences is most beneficial for the discipline it is possible to maintain in penitentiaries.

In the administration of the ticket-of-leave or clemency provisions the principle in respect of those who have time sentences and who are not looked upon as hardened criminals is that even if they receive only a very small degree of clemency they leave the penitentiary in a grateful mood rather than feeling resentful against society. Even in cases where the balance is pretty fine, in view of all the reports we get, my own desire is, when it seems possible, to recommend some degree of clemency so that a man leaves an institution feeling that something was done for him for which he should be thankful. The degree to which this system has worked properly is, I suggest, shown by the fact that there are only between two per cent and three per cent of those who have obtained tickets-of-leave who have fallen by the wayside again during the periods covered by those tickets-of-leave. I think the fact that well over ninety-five per cent of those who have obtained tickets-of-leave do not again fall by the wayside during the period of their release is a full justification of the wisdom of that system. I think it is worth something to society to have them leave the institutions in a grateful, rather than in a resentful mood.

Mr. BENCE: When these men are let out on ticket-of-leave, are they examined by a psychiatrist to determine the type of men they are, and their possible tendencies, in order that no man may be allowed at large who, we will say, would be of a type who might commit a similar crime?

Mr. ST. LAURENT: No; there is no special psychiatric examination. The reports we get are written reports from the wardens of the penitentiaries who, in order to make those reports, get information from the medical attendants of the institutions. Then we usually have a pretty accurate life history of the persons concerned. Whenever there is any doubt, or whenever a file seems to raise a doubt in that regard, the practice has been adopted of consulting a reliable psychiatrist in the Department of Pensions and National Health, and to get an opinion from him. But for the purposes of tickets-of-leave, I have not had any case in which I found it necessary to have a personal examination made by a psychiatrist. If there seemed to be so much doubt that one would have to employ a psychiatrist to make a personal examination, that would not look like a very good case to recommend to His Excellency for the exercise of clemency.

Mr. BENCE: What I had in mind was this, that there are certain tendencies which are not apparent to laymen. I had in mind particularly a man who was allowed out on ticket-of-leave in Manitoba recently, and who committed the same crime upon getting out. I was going to suggest to the minister that more attention possibly should be paid to examinations by psychiatrists when it comes to releasing men who have demonstrated tendencies of that kind.

Mr. ST. LAURENT: In the case to which the hon. member refers there was not the slightest suggestion of any mental derangement, even at the second trial. No question arose as to responsibility. I repeat, no suggestion of mental derangement was raised and, as the hon. member knows, that unfortunate man was ably defended.

Mr. BENCE: Yes.

Mr. McIVOR: I am glad to have heard the attitude of the minister toward those who are committed for crime. I think it is right that a man who receives a ticket-of-leave comes out in a better frame of mind than if he had had to serve his full time.

I know something about this, from experience. When the minister was not in the house I said, when speaking on the budget, that in thirty or thirty-five years I had known of over one hundred cases out on tickets-of-leave or parole, and that there had not been one repeater. In fact, there are two men now in Stony Mountain penitentiary, who, in my view, should be out. I shall not give their names, but I know that one man has only seven more months to serve of a four-year sentence for bigamy. Had he not gone through the rite of marriage he would not have been there at all. That man has learned a trade. He is fit to ply his trade and wants to do so in war work, in an effort to make good, and to show his friends that he can make good.

The other man is in the penitentiary because of an accident. The accident was possibly a crude affair, but he is not a criminal. I pay my tribute to the citizens in the churches at Winnipeg who banded themselves together to take care of men when they came out—because we know that when a man comes out of the penitentiary and is branded as a gaolbird nobody wants him. Perhaps someone would give him a meal at the back door, but who wants to employ him? It is only a Christian service to treat these men properly who have broken the law and are caught, especially when there are hundreds out through the country who have broken laws, but who are never caught.

I again ask the minister to apply his best judgment in having these two men released as soon as possible. I am sure the Christian attitude and the common sense of the Minister of Justice will back me up, to the hilt.

Mr. KNOWLES: I fear there are a number of matters which unfortunately we are laying over, because of the pressure of war. One of those matters is the whole question of penal reform, both with respect to adults and in connection with juvenile delinquency.

I believe that just prior to the last general election there was an intention on the part of the government, as a result of earlier study, to set up a special commission to go into this whole question. While I may not have all the facts in my possession, I believe that plan has been left in abeyance, because of the pressure of war, and I can well understand that situation. Yet it seems to me that the problems being created in this field by the strenuous conditions under which people are living in war time make it important to grapple with this whole question now.

I should like to hear from the Minister of Justice as to whether any plans are under way either for a commission or for any other form of study of the whole set-up of our penal institutions, with particular reference to the question of juvenile delinquency. It is only natural under war-time conditions that many young chaps will do things they might not have done, had the war not broken out. It is unfortunate that in many cases they are treated as criminals. Apparently there is no other course to follow under our penal system as it now stands. But these same young chaps who, through misfortune may become regarded as criminals, at the present time are heroes who are offering their lives in defence of democracy. I feel that in deference to them, despite the pressure under which all government departments are working in war time, consideration should be given to the whole question of penal reform.

The minister knows there are many people in Canada interested in this subject. Newspapers and magazines editorialize on it from time to time. There are many social workers who are interested in this problem. The previous speaker has referred to the interest of the church. Despite the pressure under which the government and all of us are now labouring, I urge that there should be no delay in attempting to study our whole penal set-up in order that we may develop the means by which we can best grapple with this kind of problem in the post-war period, so that we may be in a position to rehabilitate those young people who have made mistakes which in bygone days would be regarded as criminal. I urge the government to reconsider this matter, which I believe they were considering at the outbreak of the present war.

Mr. MacNICOL: The minister can answer at the same time the question I am going to ask. I was in the house six years ago when the minister's predecessor, the late Right Hon. Ernest Lapointe, told us that it would be difficult for him to carry on his programme of penal reform unless he were granted the vote for which he was asking. Between the two sessions in which the matter was brought up in the house I made a trip to the old country to study the system of penal reform the minister had referred to, namely the Borstal system. I visited many prisons in Great Britain, particularly the one at Leeds where the system was first put in operation and where splendid results had been achieved. I agree with what the hon. member for Winnipeg North Centre has said and, if the programme contemplated by the former minister has not been put into operation, I hope it will be as rapidly as possible.

I should like the committee to know of the splendid assistance rendered in connection with the reform of criminals by such a man as Brigadier General D. C. Draper, chief of police of Toronto, and there are many others like him. I believe Chief Draper has associated with him a committee of outstanding men. When a prisoner is released the chief and his committee meet together and endeavour to obtain a position for the man. Such people should be complimented, and I believe they are by the minister when the opportunity presents itself, because they are doing a fine work. This is only one of the many organizations doing this work.

Can the minister tell the committee just how far the programme of penal reform brought before the house some five or six years ago by the late Right Hon. Ernest Lapointe has been instituted in connection with our penitentiaries?

Mr. ST. LAURENT: Mr. Chairman, it would take me some time to recite all the recommendations of the Archambault commission which have been implemented up to the present time. A return was made to the order moved by the hon. member for Broadview on April 18, 1944, and this listed 101 reforms or improvements which had been made in the penitentiaries in conformity with the recommendations of the Archambault commission. In a general way all the recommendations that could be implemented without the provision of new structures or new buildings have been implemented.

The system recommended by the Archambault commission has not been established, because it would have entailed large capital

expenditures in the construction of new premises for the detention, training or rehabilitation of prisoners. It was not felt proper to make these capital expenditures during the war. There was such a dearth of materials and man-power that it was felt that such matters should be postponed until after the war requirements had been met. So much for the recommendations of the royal commission which investigated the penal system.

Many years have passed since that royal commission made its report, and it may be, as suggested by the hon. member for Winnipeg North Centre, that a review of the findings of that commission should be made in order to bring them up to date. I think that would be desirable before proceeding with the report which was made in 1938, six years ago. I believe it might be desirable to consider the recommendations before going ahead with these recommendations as a blueprint that will be entirely satisfactory. It may be found that there are further improvements that might be made. All these things certainly will be given consideration.

I have been thinking along lines that would not require considerable capital expenditures. We have all been concerned with the fact that there has been some increase in juvenile criminality during the war years. It has seemed to me that the high regard in which the Royal Canadian Mounted Police is held by the whole of Canada might be used in some manner to keep young boys in cities and towns out of criminal ways. During the war, units of the Royal Canadian Mounted Police Voluntary Reserves, made up of prominent men, have been established in many cities in Canada.

The commissioner has been conferring with them, asking them if they would continue and set up some sort of big brother organization that would be helpful. We have also given some thought to the possibility of creating cadet corps of the Royal Canadian Mounted Police. The youth of Canada together with our adult population hold that force in high regard, and it may be that if we could have Royal Canadian Mounted Police cadets, who would have to be well behaved to remain members of the corps, we would give to the boys of the cities and towns an interest that would keep them out of mischief and would develop in them a desire not only not to break good order, but to contribute to the maintenance of good order in their respective communities. These are matters that are being given consideration, and probably something along these lines can be devised and set up with the cooperation of the Canadian people without involving large capital expenditures. I am hoping that it will be possible to make us older persons realize that we are to a certain extent the keepers of our younger brothers, and that we should provide them with things that would interest them sufficiently to keep them out of mischief.

With respect to the treatment of those who have fallen by the wayside, we are doing the best we can with the physical institutions that we have. We cannot undertake to modify and develop those institutions during the war period. But everyone, I think, not only in my department and in this house but all the social workers throughout the country, recognize the problem and are desirous of cooperating with the authorities to find a hopeful solution.

Mr. MacNICOL: Is the minister able to give a detailed statement of the benefits obtained from the scheme followed by General Draper and his committee?

Mr. ST. LAURENT: I cannot give details because that would involve specific cases. But General Draper's committee and like committees throughout Canada are giving very great assistance in the rehabilitation of those who are released from penal institutions. It is frequently a condition of ticket-of-leave that the man obtaining leave shall place himself under the supervision of so-and-so for the period of his ticket-of-leave in addition to reporting to the police. There are throughout Canada everywhere public-spirited citizens who accept the opportunity of exercising some superintendence over the men thus released on ticket-of-leave. It frequently happens that we are not content with the provisions of the Ticket-Of-Leave Act, which makes it necessary for the man to report periodically to the police, so that we make it a condition that he will be under the special supervision of a responsible man who agrees with us to keep us informed and to bring to our attention any tendency which might be displayed by the holder of the ticket-of-leave to resort to his former ways.

Mr. KNOWLES: Mr. Speaker, I should like to express appreciation of the interest shown by the minister in the subject of revamping our methods of taking care of criminality and especially of his interest in juvenile delinquency. I particularly appreciate his suggestion that it might be desirable now to review the findings of the Archambault commission, in view of the fact that they were made about six years ago. The significance of what the minister said on that point should be underlined, namely, that we have lived through far more than six years since 1938, if I may put it in that way. A great

deal has happened to our civilization in those years, and it is highly important that we grapple with the problems that have arisen in the light of what we have gone through.

The minister referred to the fact that some recommendations of the Archambault commission, either in their original form or revised, would call for large capital outlay, and he indicated that because of that it had not been possible to consider them during the war years. I grant that in a sense the minister and the government have a case on that point; yet it seems to me that it might well be pointed out that any expenses involved in grappling with a problem like this which has been accentuated by the war might be regarded as war expenditure. When I think of the tremendous sums of money that we have been prepared to spend out of necessity to take young fellows who had no jobs and to train and equip them for their war tasks, frankly I do not feel that we should baulk at any huge expenditure that may be necessary to grapple with the problem of keeping our youth straight and rehabilitating them, if necessary, in the post-war period.

We are impressed in these days with the tasks of the war. I feel that we must warm up to the tasks of peace that lie ahead of us with some of the same vigour and determination. I urge the importance of our doing the equal of what we are doing now in making the lives of the people of this country the very best that they can be in the post-war period and in re-making them where necessary. I hope that we can think of these people who may go wrong, to use the old terminology, not as a group apart from our citizenry as a whole, whom we segregate and punish, but rather as an essential part of our own citizenry, and we are not really tackling the problem of crime seriously until we devise ways and means of properly rehabilitating these young people. I urge that we keep this thought before us, that many of those who may find themselves in the clutches of the law in the post-war period are to-day our heroes. They are our young men who are to-day offering life itself for the defence of a better Canada, and I urge that we owe it to them to do the best we can for them in every sphere. I am not in any way suggesting that any very large percentage of our young men are going to be problems for the administration of justice in the post-war period. What I am suggesting is that even a very small percentage, if it is only a very few, are, after all, human beings, Canadians, and we owe it to them to do the best we can for them If the government cannot see its way clear to make any capital outlay at the present time, I hope that the question of money will not stand in the way of the wisest possible reforms just as soon as the war ends, but preferably now.

Mr. ST. LAURENT: I should not like it to go out that it was only a question of capital outlay which has prevented us from going ahead, because the Archambault commission recommended a penal system that would require constitutional amendments. As hon. members know, we receive in the penitentiaries those who have been condemned to serve not less than two years of detention. All the others—and they are a large number, and from the viewpoint of the sociologist, probably the most interesting group—receive sentences for much shorter periods than two years and go into the county gaols or into the common gaols. The system for Canada would have to be a general system applicable to all those condemned to detention either as punishment or for purposes of rehabilitation. That is one serious matter which will have to be considered and dealt with before real penal reform is possible in this country. The second is not only the expenditure of capital sums, but the work that had to be done with the capital sums which would be thus expended, and which would have required large quantities of material and large amounts of labour to perform. Then perhaps an even more important feature was that during the war period it was not possible to obtain the services of specially qualified personnel that would be necessary to make a system of that kind work. We had a war on our hands, and we could not go out and recruit the kind of personnel which it would be necessary to have to make a proper, enlightened system of penal repression operate. So that I should not like the impression to go forward that it was merely because we would not spend the money that it has not yet been done.

There are the three main features. First, there is the requirement of some arrangement with the provinces whereby the reforms will extend not only to those who commit such serious crimes as deserve not less than two years in prison, but to all those who fall foul of the law. Then, there is the establishment of a staff of qualified personnel; and the hon. member will agree with me that that is perhaps the most important feature of the whole scheme. In addition, there is the provision of the buildings which would be suitable to the operation of a scheme designed not only to take the man who has been called a criminal and condemned as such out of circulation, but to reform him when it is possible that he be reformed.

Mr. KNOWLES: One other short question. Is this subject, at least as far as the minister can place it there, on the agenda for the dominion-provincial conference?

Mr. ST. LAURENT: It is.

Mr. GILLIS: There are two questions I wish to ask the minister. If it requires very much digging to answer them I can let them go. First, can the minister give any indication of the number of inmates of penal institutions who were released or paroled for the purpose of entering the armed services? Second, can he indicate the number of service personnel who were incarcerated in penal institutions since the outbreak of war?

Mr. ST. LAURENT: I cannot give the hon. member precise figures as to that. With respect to the first question I can make this statement. It was not the policy of the army to recruit its personnel from penal institutions. It was only when the person was recommended as qualified to form part of the armed services in spite of the fact that he had had one lapse, and when he was found otherwise suitable, that he was accepted in the army. There are quite a large number of such exceptions, but I could not give any precise figures. There has been no general policy of saying to men, "Look here, you can get out of gaol if you will go into the army." That is not the attitude at all.

Mr. GILLIS: No. I understand that.

Mr. ST. LAURENT: If it so happened that a man physically and mentally fit had fallen by the wayside but was looked upon by those who had been in contact with him as having sufficient stability to make a good soldier, he was interviewed by a personnel officer and in a great many cases was inducted in the armed forces.

The number of persons in the armed forces who have been condemned and admitted to the penitentiaries for the year ended March 31, 1941, was 101; for the year ended March 31, 1942, 166; for the year ended March 31, 1943, 190. I have not the figures for the year ended March 31, 1944, nor have I the number admitted to the common gaols.

Mr. DIEFENBAKER: What is the policy of the Department of Justice as regards enlistment in the armed services of guards and warders in the penitentiaries? The reason I ask is that in one case of which I know definitely, and the details of which I have before me, a guard in the Saskatchewan penitentiary joined the navy and received after a period of time his call to report. He had been in the penitentiary service for several years and bore a good reputation. At the expiry of one month's notice given by him that he intended to join the navy he received a notice from the warden advising him that he was suspended from the service.

I realize the need of the penitentiary services having a trained and available personnel, but I feel, too, that where a man desirous of serving in the armed forces has gone ahead as did this man, he should not be penalized as regards either his superannuation rights or his reinstatement when he returns after service. I do not wish to refer to the person by name, but I will send the minister the file. The facts in detail are that on October 20, 1943, he gave notice to the warden advising that he had made application and had been accepted for active service with the Royal Canadian Navy on November 23, 1943, and that it would be necessary that he be relieved of his duty at the close of prison on November 20, 1943. On that date he ceased to serve. Thereafter he received the notice that he was suspended from duty.

I believe, regardless of the considerations which impel the department to retain these men, that when in fact they patriotically join up they ought not to be penalized, either in so far as the fund is concerned and their right to the return of their contributions, or as to their right to reinstatement when the war is over.

Mr. ST. LAURENT: There are 135 officers from the custodial staff of the penitentiaries who obtained leave of absence without pay to join the armed forces up to the 1st of February, 1944, and we had reduced the operating staffs to the fullest possible extent. The man to whom the hon. member refers was an engineer.

Mr. DIEFENBAKER: Yes.

Mr. ST. LAURENT: Efforts were made to find someone competent to take his place, and he had been told that up to that time we had been unable to find anyone fitted for the position and that much as we regretted it we could not give him leave to join the forces without pay. He went ahead and did so notwithstanding, and since then has been released from the navy and has returned to our service. He was taken back into the service because we had not in the meantime been able to find anyone to do his work for him. But it was necessary to have a rule of that kind, and I hope we are near enough to the end of the war for me to be able to say so now. I had said that these cases would be all reviewed after the necessity for maintaining a rule of that kind should have ceased; but that we had to have the rule,

because we have a responsibility to the Canadian people to maintain these penitentiaries in a satisfactory condition, and there had to be that rule, which existed throughout the civil service. Anyone in the civil service who wanted leave without pay to join the forces had to get permission from the head of his department. Wherever it was possible to replace a man leave was granted, and I believe that in the administration of the penitentiaries we went the extreme limit. As a matter of fact, there were 135 who did get leave. As the hon. member realizes, we are in a particularly difficult position when leave is granted, because we have to hold the job for the man whenever he is discharged. We cannot offer anyone else a permanent position. We have therefore to get someone to take the position temporarily, because an officer who obtains leave of absence to join the forces has by virtue of the law the right to get his job back the very moment he gets out of the army. That created a situation which we tried to deal with in the spirit in which the hon. member would have dealt with it. There are some cases where there has been disobedience, abandonment of our service, and they will all be reviewed; but the personnel of the penitentiaries, we felt, had to be under the impression that they could not leave us without permission.

Mr. DIEFENBAKER: What is the method now of recruiting men for service as guards in the penitentiaries? They have to be physically fit. What is the system followed?

Mr. ST. LAURENT: The system is to invoke the assistance of the Minister of Labour and have him direct to us those persons who are willing to come to us and who seem to have the qualifications required. But it is really difficult because we are not able to offer them permanent positions. We have these 135 vacancies which we cannot fill, because we intend to take back these persons just as soon as they are discharged from the armed services.

Mr. MacNICOL: The recruiting is done through the national selective service?

Mr. ST. LAURENT: It is done by ourselves with the assistance of selective service. We notify our requirements to them and we do our best, but we cannot take anyone on without a licence from the selective service offices. If we find a proper candidate we arrange with selective service that he gets a permit to come to us.

Mr. GRAYDON: According to my recollection, that would be directly contrary to the law.

Mr. ST. LAURENT: We cannot and do not take men who are physically fit and of the age group for service in the armed forces, but when we have a position to fill and know of someone who would be apt to fill it we ask him to go to the selective service office and we have a relatively high priority for the relatively small number of men we require.

Item agreed to.

Royal Canadian Mounted Police—
318. General administration, $234,751.

Mr. BENCE: I have an inquiry to make of the minister with respect to the method by which men within the force are advanced in rank, the method adopted by the administration with respect to recognition of men, the question as to whether senority is taken into consideration, the question as to whether or not any special courses are made available for men in order that they may qualify as officers, and whether or not that opportunity is given all men in the force who are non-commissioned officers, or whether the commissioner or officers of the Royal Canadian Mounted Police pick out those whom they believe to be best adapted for advancement.

Mr. ST. LAURENT: On that I shall have to get information from the deputy commissioner, because I have made it a rule not to interfere in any way whatsoever with the promotion of men in the Royal Canadian Mounted Police force. I have considered that to be the responsibility of the commissioner and that there should be no interference by me in any way with promotions in the force. I know there is a college in Ottawa where courses are given regularly, and candidates are trained in addition to the initial training which they receive in the first years of their service. I have no doubt that all the elements mentioned by the hon. member are taken into account. The rule of seniority is not applied in an absolute way. The purpose of the commissioner is to maintain the high standard of the force and it is not always by seniority that such a result can be achieved. This college is open to constables from all over Canada, not only those of the Royal Canadian Mounted Police but also those of provincial and municipal forces throughout the country. The selection of those who are to attend is finally passed upon by the commissioner, on the reports obtained from the inspectors of the various divisions, who are given quotas and make recommendations. The commissioner or deputy commissioner here in Ottawa passes upon those recommendations and determines who shall form each class.

With respect to promotions in the service, since I have been minister the commissioner

has pointed out to me on several occasions that he regretted promotions were not being made with the regularity that prevailed heretofore, because it had some effect upon the morale of the whole force. The man-power situation was such that he was releasing only those who were no longer fit to serve, and he admitted that this slowed up promotions and was affecting the morale of the men, although he had pointed out to them that they were only waiting because as soon as the situation improved there would be a period during which promotions would be much more rapid, until the force attained the status it would have reached had there not been this period of war.

Mr. BENCE: I appreciate the necessity of obtaining the brightest and best trained men possible for promotion to the rank of officers, but at the same time I am a little concerned about the possibility that in looking for the right men to bring into the force those in charge might overlook many well qualified, well trained men who have been with the force for many years. I was wondering whether or not the matter of experience and seniority in the force was given first consideration in regard to this matter of promotions. I understood that in a number of instances men were brought in from outside, given special courses and trained as officers, while many well trained and experienced non-commissioned officers were overlooked. I should like to point out to the administration that in a great force like this it is essential to ensure that there be general satisfaction throughout the organization, and that nothing should be done and no course of conduct followed which would cause any feeling of discontent among the men and non-commissioned officers who might be led to believe that their years of training and experience were not being given consideration when promotions were made.

Mr. ST. LAURENT: The hon. member is under a misapprehension if he thinks men are brought in from the outside as officers. Everyone comes in at the bottom and moves up, but there is not and cannot be a rigid rule of seniority having regard to the efficiency of the force. However, we do not bring in men over the heads of those already in the force. When promotions are made, they are from the inside, and they are made by raising a man from one rank to a higher rank.

Mr. BENCE: I want to make myself clear on that point. I had understood that the administration looked around for men who might possibly be of the calibre of officers; that they went outside the force to bring in these men, gave them special training, allowed them to go to law school and that sort of thing, and then appointed them as officers over the heads of men who had been in the force for quite a number of years.

Mr. ST. LAURENT: That is quite possible; men may have come in and leap-frogged over others who had been in previously, but I think that is inevitable if we are to have an efficient force. The commissioner and his principal aides should not be interfered with in their selections for promotions, unless they depart from the traditions that have been maintained in the force.

Mr. BENCE: I quite realize that; I merely wanted to point out to the administration that this factor does exist and that it should be considered very carefully in connection with bringing in too many men from outside in the manner I have indicated, so that men who have given years of service, if they have the ability, will have the work they have rendered fully recognized.

Mr. ST. LAURENT: From my experience with the commissioner and his principal aides I am quite satisfied that he does not overlook seniority when it is coupled with ability.

Item agreed to.

319. Land services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses, $6,170,200.90.

Mr. DIEFENBAKER: Would the minister explain the procedure with respect to the laying of informations and proceedings under the defence of Canada regulations? Does the Department of Justice expect that proceedings under the defence of Canada regulations shall be initiated by the departments of the attorney general in the various provinces, or are such prosecutions commenced on the instructions of the Department of Justice?

Mr. ST. LAURENT: In some instances informations have been laid at the instigation of the attorney general of the province. Other cases have been brought to the attention of the Department of Justice, and instructions have been given to the local office of the mounted police to get in touch with the crown prosecutor and ascertain if the provincial attorney general would authorize them to proceed. In some cases where that authorization has not been given, they were directed to proceed on the responsibility of the Department of Justice. Whenever the Department of Justice feels that there should be a prosecution it tries to have it taken up by the

provincial authorities, and only when the provincial authorities are unwilling to proceed are instructions given to proceed on the responsibility of the department. It frequently happens that these matters are handled without reference to the Department of Justice. They are not handled without reference to the commissioner of the Royal Canadian Mounted Police; but when what appears to be a proper case comes to the notice of the local members of the mounted police and it is reported to their superior officers, who authorize them to proceed, they get in touch with the representatives of the attorney general of the province. If the attorney general is agreeable to proceedings being instituted on his behalf the matter does not come to the Minister of Justice at all.

Sometimes matters are brought to the attention of the Minister of Justice, and the initiative comes from that source. One such case was referred to in the house quite recently. I saw a newspaper report of what seemed to me to be a very disturbing speech. I at once got in touch with the deputy commissioner, the commissioner being absent, and asked to have investigations made to find out if proper evidence of that kind of a speech could be adduced. If proper evidence is found, then the procedure will be for the officers of the Royal Canadian Mounted Police in that locality to get in touch with the representative of the attorney general of the province, put the result of the investigation before him, and find out if he will proceed. If he will not proceed other methods will be adopted, if it is felt that there should be proceedings.

Mr. GRAYDON: Is the minister referring to the Dumoulin case?

Mr. ST. LAURENT: No. I saw no report of what the leader of the opposition refers to as the Dumoulin case, that I asked to have investigated. I was referring to the case to which the hon. member for Parkdale referred, that of Jacques Sauriol, whose speech was reported as having been made on July 9.

Mr. GRAYDON: The reason why I asked is that Mr. Dumoulin is a member of the government of Quebec—at least, a supporter of the government of that province. To put the attorney general, who is also of the same political faith and belongs to the same party, on that case, I should think would add complications which would be very serious. I am hopeful that the attorney general's advice will not be accepted too readily by the Minister of Justice, and I am also hopeful that the investigation will not take too long.

Item stands.

Progress reported.

THE ROYAL ASSENT

Mr. DEPUTY SPEAKER: I have the honour to inform the house that I have received the following communication:

Government House, Ottawa,
July 20, 1944.

Sir:

I have the honour to inform you that the Hon. Thibaudeau Rinfret, Chief Justice of Canada, acting as deputy of His Excellency the Governor General, will proceed to the senate chamber on Monday, July 24, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
F. L. C. Pereira,
Assistant Secretary to the
Governor General.

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

Monday, July 24, 1944

The house met at eleven o'clock.

VACANCY

RESIGNATION OF MEMBER FOR THE ELECTORAL DISTRICT OF KAMOURASKA

Mr. SPEAKER: I have the honour to inform the house that I have received the resignation of Louis Philippe Lizotte, Esquire, as member for the electoral district of Kamouraska. I have accordingly issued my warrant to the chief electoral officer to make out a new writ of election for the said electoral district.

WAR EXCHANGE CONSERVATION ACT

Hon. J. L. ILSLEY (Minister of Finance) moved for leave to introduce bill No. 162, to amend the War Exchange Conservation Act, 1940.

Motion agreed to and bill read the first time.

SPECIAL WAR REVENUE ACT

Hon. J. L. ILSLEY (Minister of Finance) moved for leave to introduce bill No. 163, to amend the Special War Revenue Act.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

NOBEL MUNITIONS PLANT

Mr. FRASER (Peterborough West):

1. Was the munitions plant at Nobel closed during this war?
2. If so, what was the cost of closing this plant?
3. Is the plant going into production again?
4. If so, how much will it cost to get it into production?
5. How many men are employed in this plant?
6. How many women are employed in this plant?
7. How many, (a) men; (b) women have been brought to work in this plant from each of the other provinces?

Mr. McLARTY:

1. Yes.

2. The cost of closing down and maintaining the Nobel plant during the shutdown, from the last week in February to approximately June 30, 1944, amounted to $269,636.10.

3. Yes.

4. The cost of reopening the plant is estimated at between $240,000 and $250,000, all of which will be charged into the production costs of the production programme now being carried out.

5. 644 (as of July 20, 1944).

6. 50 (as of July 20, 1944).

7. (a) Men—Quebec, 16; Manitoba, 2; New Brunswick, 1. (b) Women—Quebec, 5.

RADIO DEVICE "WALKIE TALKIE"

Mr. DIEFENBAKER:

1. Have any contracts been let or purchases made by the Department of Munitions and Supply of the radio device known as the "Walkie Talkie"?
2. If so, with what firm or firms, and where were each of such contracts let or purchases made, and at what unit price in each case?
3. Were any requests to tender made to other firms? If so, to what firms?
4. Were each of the contracts awarded after tender? If not, why?
5. What price is being paid for said "Walkie Talkie" in each of said contracts?
6. Have there been any reductions in the initial prices? If so, give particulars.

Mr. McLARTY:

1. Yes.

2. Six contracts for a total of 21,926 units have been placed with Addison Industries Limited at cost plus 5 per cent with provision for firm prices after costs were determined. The price agreed upon for the first contract for 776 sets was $521.97 per unit after audit.

3. A formal tender was called from Rogers-Majestic Corp. but at the time this store was required all radio manufacturing companies, including the aforementioned company, were working to capacity on other sets. It was considered by the engineers in charge of the development of this equipment that to place orders with these companies would disturb the production of other types of radio equipment which were urgently needed. Addison Industries Limited, who were not under contract for other radio material, were thus available and were chosen to make the "Walkie Talkie". Departmental engineers worked with the company and assisted in the development of the set. After development had been completed the first contract for 776 sets was placed on the basis mentioned in answer to question 2.

4. No. For reasons given in answer to question 3, and in view of a request from the Acting Deputy Minister of National Defence (Army) that because of the development work done jointly by the department and Addison Industries Limited the contracts should be placed with this company, it was not considered feasible or wise to call for tenders. Many changes in design have since occurred, a circumstance more easily met by having the contracts with one firm rather than several.

5. Ultimate prices are not known. Present contracts are being paid at a billing price of $505 per unit. Audits are being conducted with a view to arriving at an ultimate price and placing remaining contracts on a firm price basis if possible.

6. Yes. See answers to questions 2, 3, 4 and 5.

DAIRY PRODUCTS—FLUID MILK PRODUCTION

Mr. LOCKHART:

1. What was the total fluid milk production in Canada for the years 1941, 1942 and 1943?
2. Of this production what amount went into, (a) cheese; (b) butter; (c) condensed milk; (d) domestic consumption?

Mr. MacKINNON (Edmonton West):

1. 1941, 16,555,433,000 lbs.; 1942, 17,488,366,000 lbs.; 1943, 17,516,918,000 lbs.

2. (a) 1941, 1,720,191,000 lbs.; 1942, 2,332,049,000 lbs.; 1943, 1,846,070,000 lbs.

(b) 1941, 8,629,960,000 lbs.; 1942, 8,500,554,000 lbs.; 1943, 8,608,253,000 lbs.

(c) 1941, 486,510,000 lbs.; 1942, 553,995,000 lbs.; 1943, 588,496,000 lbs.

(d)* 1941, 4,759,989,000 lbs.; 1942, 5,062,010,000 lbs.; 1943, 5,420,625,000 lbs.

*Domestic consumption fluid milk.

VICTORY AIRCRAFT LIMITED—GEORGE MORRISON

Mrs. NIELSEN:

1. Is Mr. George Morrison employed as personnel manager at the Victory Aircraft plant at Malton, Ontario?
2. If so, did the management of this plant recently grant Mr. Morrison a two months leave of absence?
3. Did the granting of this leave of absence include the provision that Mr. Morrison should receive full or part wages during such two months leave of absence?
4. Was Mr. Morrison permitted by the management of the Victory Aircraft plant to spend such leave of absence, wholly or in part, in political organization?
5. If so, in the interests of which political party?

Mr. McLARTY:

1. Mr. George Morrison is personnel officer of Victory Aircraft Limited.

2. No. Mr. Morrison recently spent two weeks (including travelling) in western Canada on company business visiting the commonwealth air training schools that are being closed, for the purpose of securing skilled help for Victory Aircraft Limited. His itinerary took him to Edmonton, Regina, Calgary and Winnipeg during the period June 30 to July 16, 1944. He secured approximately 100 skilled mechanics and fitters from the schools that are closing.

3. Answered by No. 2.

4. No.

5. Answered by No. 4.

SELECTIVE SERVICE—PROSECUTIONS

Mr. CHURCH:

1. How many persons, by provinces, have been prosecuted for breaches of the National Selective Service Act for failure to take jobs to which they have been assigned?
2. How many have been fined and imprisoned, by provinces?
3. On what principle are persons of the ages of 16, 17, 18 and 19 convicted, and is there uniformity of fines in each province of Canada?
4. Is any test made of the fitness of those assigned to heavy manual labour as to whether they are physically fit for such heavy work and able to perform the task assigned?
5. Do the courts look into the fitness of convicted persons?

Mr. MITCHELL:

1. The following number of persons by provinces have as of July 1, 1944, been prosecuted for failure to comply with directions to accept suitable employment: Nova Scotia, 6; New Brunswick, 8; Quebec, 11; Ontario, 45; Manitoba, 4; Saskatchewan, 6; Alberta, 5; British Columbia, 5. Total, 90.

2. The following number of persons by provinces have been fined or imprisoned, or both:—Nova Scotia, 5; New Brunswick, 7; Quebec, 9; Ontario, 38; Manitoba, 2; Saskatchewan, 6; Alberta, 5; British Columbia, 5. Total, 77.

3. In regard to the question of the uniformity of fines in each province there is no distinction between the age group mentioned and employees of any other age group.

The length of the sentence imposed or the amount of the fine levied are matters which, within the limits of his jurisdiction, must be decided upon by the presiding magistrate in whatever province the trial may take place. As a matter of policy, however, there have been only a very few cases in which proceedings have been instituted against youths of 16 or 17 years of age, and where action was deemed necessary the agents of the minister have been instructed in the majority of cases to ask that suspended sentence be granted conditional upon the employee's compliance with the direction to employment.

4. In all cases where the employee raises the question of health or physical fitness for the job to which he has been directed he is referred to a panel doctor for examination at the expense of the department. The local employment and selective service office governs itself in accordance with the doctor's report.

5. The accused is permitted, of course, to produce at the trial all evidence pertinent to his case. The weight to be given that evidence is a matter for the magistrate to decide.

QUESTIONS PASSED AS ORDERS FOR RETURNS

HOUSING—TORONTO

Mr. CHURCH:

1. What has been done by the government, since May last, to aid house building in the city of Toronto for, (a) soldiers' families; (b) civilians?
2. What steps are being taken at the present time to relieve the very serious housing shortage in Toronto?
3. Has the corporation of the city of Toronto, since May last, been requested not to ask for labour and building materials to aid house building?
4. If so, by what official or officials?

DOMINION-PROVINCIAL CONFERENCES

Mr. DIEFENBAKER:

1. How many conferences have been held since 1939 between the dominion and provincial governments, or between departments of the same?
2. What were the dates of each of said conferences, and the subjects of discussion and negotiation?
3. What agreements have been entered into as a result of these conferences, and what legislation has been introduced in parliament or executive action has followed therefrom?

4. Have all such conferences and agreements entered into as a result been reported and the proceedings thereof published?

JAPANESE NATIONALS—NOBORU YAMAMOTO

Mr. REID:

1. Was one Noboru Yamamoto, a 21-year-old Canadian-born Japanese, charged with refusing to obey an order of selective service officials and sentenced to a fine of $100 and costs or in default four months in jail?

2. Did the said Yamamoto communicate with or write to the honourable Minister of Labour or to any of his officials on the matter?

3. What were the reasons given by Noboru Yamamoto for refusing to obey the order of selective board officials?

MOUNTED POLICE—PERSONNEL, CANADIAN AND BRITISH BORN

Mr. WINKLER:

1. How many full-time men and women are there in the Royal Canadian Mounted Police?

2. Of these, how many are, (a) Canadian born; (b) native of the British isles?

OLD AGE PENSIONS

Mr. WINKLER:

1. By provinces, and by years since 1928, how many have received old age pension?

2. By years, what was the total amount paid by the federal government?

MOTIONS FOR PAPERS

ILE HAUTE, N.S., LIGHTHOUSE KEEPER

Mr. BLACK (Cumberland):

For a copy of all correspondence, reports, ratings, telegrams, notices and other documents, in the possession of the Department of Transport and the civil service commission, in connection with the competition for the position of lighthouse keeper at Ile Haute, Nova Scotia, since 1941, and the appointment, if any.

JAPANESE NATIONALS—NORBORU YAMAMOTO

Mr. REID:

For a copy of all correspondence passing between Norboru Yamamoto and the Minister of Labour or any of his officials in connection with selective service regulations.

ONTARIO HOURS OF WORK AND VACATIONS WITH PAY ACT

Mr. NOSEWORTHY:

For a copy of all correspondence exchanged between the Department of Munitions and Supply and the government of the province of Ontario or any Ontario minister, on the subject of the Hours of Work and Vacations with Pay Act, of Ontario.

[Mr. Diefenbaker.]

BUSINESS OF THE HOUSE

SATURDAY SITTINGS

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That on Saturday, the 29th July, 1944, and every Saturday thereafter until the end of the present session, the house shall meet at 11 o'clock a.m., and the order of business and procedure shall be the same as on Fridays.

Mr. GRAYDON: May I ask the Prime Minister how many Saturdays he has in mind?

Mr. MACKENZIE KING: I hope there will not be more than one.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, the members of this group are not satisfied to let the motion pass without some explanation from the Prime Minister as to how many Saturdays it is anticipated we may be here. If this motion means that we are to sit Saturdays only for the purpose of handling routine business, that we are to sit one or two Saturdays in order to get the business of the house over with, we would be quite satisfied to agree to it. However, there is a lot of important new legislation coming in at the tail end of the session. The house is now sitting morning, noon and night throughout the week, and in order to familiarize ourselves with the new legislation, in order to try to understand what is going through the house, we require at least our Saturdays to catch up with our work. Those of us who have to remain here all the time while the house is sitting find it rather hard. The business that still has to go through the house is of extreme importance, particularly the new legislation which must be scrutinized carefully if we are to understand what it is all about and protect the Canadian people in the process of its going through.

Mr. HOMUTH: You are not the only one who is protecting them.

Mr. GILLIS: You speak for yourself. I am asking the Prime Minister if it is possible for him to indicate what the length of the session will be. Otherwise we are not in favour of this motion to sit on Saturdays, morning, noon and night, in addition to working the rest of the week on the same basis. We figure that we cannot handle the work of the house as it should be handled.

Mr. MACKENZIE KING: I should like to be able to give my hon. friend a precise answer, but when he asks me how much time will be occupied by hon. gentlemen opposite, I have to say to him that I cannot possibly

tell. The length of the session, once the sessional programme is announced, depends more on the opposition than it does on the government. Unfortunately I cannot say how much time hon. gentlemen may wish to take in discussing the measures that are before the house. What I would point out to the hon. member is that there will be no legislation coming down that I am aware of at the moment to which reference was not made in the speech from the throne and the introduction of which hon. members have had knowledge of since the beginning of the session, or one or two measures since announced, the purport of which they are already aware. It is quite true that some of the bills have not been before the house, but I think hon. members have a pretty good idea of what will be contained in the bills. I point that out to make clear that the government is not trying to do anything exceptional at the present time.

There are still estimates to pass. These have been before members of parliament since the beginning of the session. There will be nothing new under that heading except the supplementary estimates that may be brought down.

It has always been necessary in the winding up of the business of a session to have morning and Saturday sittings, and I have tried as far as I could to judge what the wish of the house might be and have the wish of hon. members carried out. I think it was July 24, just a year ago to-day, that the previous session of parliament concluded. It looks as though this session, which opened almost the same time in January of this year, is going to run on some little time longer. But I do believe hon. members hope we may wind up the business without very much in the way of delay.

My hon. friend says, "we are here all the time," but I have not seen either his leader or the leader of the Social Credit group in this house for a week or more past. After all, leaders do count for something, or ought to count for something whenever reference is made to a party as a whole. I would say to my hon. friend that the disposition of the government will be to try to arrange Saturday business in a way that will be generally acceptable. We will not seek to bring on contentious measures on Saturdays, but I think we could get through a good deal of business in the way of estimates.

I hope there will not be any exception taken to this motion because I really believe it does meet with the general wish of those who desire to wind up the business of this session as soon as possible.

Mr. ADAMSON: This shows clearly the folly of the Prime Minister's motion which washed out all sittings on Wednesdays during the body of the session, thus losing much irreplaceable time.

Mr. GORDON GRAYDON (Leader of the Opposition): I would like to make a brief observation with respect to what has passed between the Prime Minister and the hon. member for Cape Breton South. There is something in what the hon. member for Cape Breton South says with respect to the burden which those of us in opposition have to carry as well as the members of the government. This burden falls particularly upon those of us who have to be in our seats practically all the time in order to watch the legislation. It does not give us very much time to study the legislation.

Perhaps the Prime Minister would be good enough to consider this question a week from Friday. If at that time the house is not within a reasonable distance of concluding its work, perhaps we may have that Saturday off, having in mind the circumstances as they then are. I would have no objection to the motion going through on the understanding that the Prime Minister keep in mind the possibility of thus reviewing the position.

When the Prime Minister says that the length of the session is governed solely by the opposition—

Mr. MACKENZIE KING: Not solely.

Mr. GRAYDON: I took it from his remark that he had the opposition largely in mind so far as the extending of the length of the session was concerned. I must say to the Prime Minister that the opposition needs a certain amount of time to give proper attention to the measures that come before the house. Having that definitely in mind may I point out to the Prime Minister that this is an unusual session from the government's point of view. I do not think since I came into the house there has been a session in which there were so many bills to be dealt with in the last few moments which had not been seen at all by the members of the house. The government will have to take some responsibility in that regard, because the opposition cannot be expected at the last minute to go through all the estimates and study important bills that have not yet come before the house and conclude the session within a few days. We have to consider that our job first of all is to criticize properly these bills as they come before us, no matter how long we may have to stay here to do it; but that does not mean of course that we should waste time in useless debate and repetition.

Mr. MACKENZIE KING: I take no exception to my hon. friend doing everything possible to protect the full rights of the opposition, and I agree that criticism is helpful. But I do take exception to the attitude that the government is always trying to put something over. The measures which the government is bringing down are obviously in the interests of the people, and I would hope that the opposition would join with the government in seeking to place these measures on the statutes as soon as possible.

As to a week from Friday, may I say to my hon. friend that in reviewing the situation I have been asking myself very seriously whether, if this session is going to run on very much longer, it would not be better to adjourn over August and September and meet again in October and November. I do not want to do that, because I do not think hon. members wish to do it, but that is an aspect of the situation which will have to be considered in any review that may be made. May I say to my hon. friend, with regard to what may be done a week from Saturday, that sufficient unto the day is the evil thereof.

Motion agreed to.

FARM PRICES

PROVISION FOR STABILIZATION, PURCHASE OF STAPLE PRODUCTS AT APPROVED PRICES, ETC.

Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient for the purpose of supporting farm prices during the transition from war to peace to introduce a measure to establish a board with authority to purchase through agents or otherwise, staple agricultural products at prices recommended by the board and approved by the governor in council, or to make such payments in respect of staple agricultural products as may be necessary to bring average returns to producers up to the prices so approved, and to give the board such powers as may be necessary for the handling and disposition of products purchased; and further to provide for the appointment of such officers, clerks and employees as may be necessary;

To provide further that the governor in council may authorize from time to time payments out of unappropriated moneys in the consolidated revenue fund, up to an aggregate of two hundred million dollars, for expenditures under the said measure, exclusive of administrative expenditures; that there shall be a special account to which all expenditures under the said measure, other than administrative expenditures, are charged, and to which all receipts from the sale or disposition of agricultural products shall be credited, which receipts shall be available in the account for subsequent expenditures provided that the net realized profits in the account in any fiscal year shall be credited to the consolidated revenue fund and any net realized loss in the account in any fiscal year shall be recouped to the said account from an appropriation by parliament for the purpose.

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.

FISHERIES PRICES

PROVISION FOR STABILIZATION, PURCHASE OF STAPLE PRODUCTS AT APPROVED PRICES, ETC.

Hon. L. S. ST. LAURENT (for the Minister of Fisheries) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient for the purpose of supporting fisheries prices during the transition from war to peace to introduce a measure to establish a board with authority to purchase through agents or otherwise staple fisheries products at prices recommended by the board and approved by the governor in council, or to make such payments in respect of staple fisheries products as may be necessary to bring average returns to producers up to the prices so approved, and to give the board such powers as may be necessary for the handling and disposition of products purchased; and further, to provide for the appointment of such officers, clerks and employees as may be necessary;

To provide further that the governor in council may authorize from time to time payments out of unappropriated moneys in the consolidated revenue fund, up to an aggregate of twenty-five million dollars, for the expenditures under the said measure, exclusive of administrative expenditures; that there shall be a special account to which all expenditures under the said measure, other than administrative expenditures, are charged, and to which all receipts from the sale or disposition of fisheries products shall be credited; which receipts shall be available in the account for subsequent expenditures provided that the net realized profits in the account in any fiscal year shall be credited to the consolidated revenue fund and any net realized loss in the account in any fiscal year shall be recouped to the said account from an appropriation by parliament for the purpose.

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.

PRISONERS OF WAR

REPORTS OF KILLING OF ALLIED AIRMEN IN GERMANY

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, on Thursday last the leader of the opposition asked about a statement in the United Kingdom house, by

Sir James Grigg, secretary of war, regarding the shooting of allied prisoners of war. Sir James Grigg's statement and the question of the leader of the opposition referred to the shooting of allied airmen who had been held as prisoners of war in Germany. The cases mentioned in Sir James Grigg's statement did not include any Canadians. The cases referred to by Sir James Grigg were in addition to the list of fifty allied airmen shot while prisoners of war, which Mr. Eden gave last month and which included six Canadians. I have ascertained that there were no Canadian airmen included in the supplementary list of allied airmen shot while prisoners of war which Sir James Grigg mentioned last week.

LABOUR CONDITIONS

POSSIBLE STOPPAGE OF WORK AT HALIFAX SHIPYARDS

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): On Friday last the hon. member for Yorkton (Mr. Castleden) asked a question with reference to the dispute in the Halifax shipyards, I replied that as I had just returned to the city I would be glad to give him a reply on Monday.

The answer is that we are doing everything possible to avert a stoppage of work in this vital industry. The senior industrial relations officer of the department in the maritime provinces is at present in Halifax conferring with union and company officials with reference to their differences of opinion with a view to bringing about agreement between them.

I have received a number of telegrams from trade unions in the Halifax district suggesting that the company be compelled to implement the report of the conciliation board. Without saying anything that might prejudice the negotiations about to commence, I would merely state that neither the Industrial Disputes Investigation Act nor the wartime labour relations regulations which superseded that act requires the acceptance of recommendations in reports of conciliation boards by the parties concerned. Trade unions and employer's organizations generally are opposed to any such step. I would say this, however, that the labour relations regulations compel employers and employees to bargain collectively, but do not obligate an employer to agree to the closed shop or check-off of union dues, which is the issue in this dispute.

FREEDOM OF SPEECH

REFERENCE TO QUESTION OF PRIVILEGE (MR. GRAYDON) ON JULY 21

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): The leader of the opposition on Friday referred to a matter which had arisen in the other house and which he stated had to do with the privileges of parliament. May I give my hon. friend an answer as to my position in this matter by referring to an old and well-known rule:

> Whatever matter arises concerning either house of parliament ought to be discussed and adjudged in that house to which it relates and not elsewhere.

Mr. GORDON GRAYDON (Leader of the Opposition): May I say to the Prime Minister that it was not with respect to a debate in the other house that I was referring. It was a case of a member of parliament having made a statement in parliament and then being dismissed because he had made the statement. That, in my opinion, constitutes an interference with the freedom of speech of members of parliament, and for that reason I felt that the Prime Minister and the leader of the government in the other house should have a conference with respect to the matter because I very definitely feel that in this incident there is involved an issue of considerable magnitude.

Mr. MACKENZIE KING: I say to my hon. friend that if he wishes to raise an issue of much larger magnitude he would ask this federal government or any member of it to begin to criticize the action of a provincial government. My hon. friend possibly forgets that the remarks to which he refers were made by an official of a provincial government which has responsibility for its officials. It has taken that responsibility and is exercising it in its full rights, and this house of parliament should be the last to seek to invade the jurisdiction of a province by criticizing the action of a government in relation to its own officials.

Mr. GRAYDON: The provincial government then is interfering with the right of freedom of speech, surely.

Mr. MACKENZIE KING: Is my hon. friend laying down the doctrine that a member of parliament can exercise freedom of speech to the extent of making any statement he pleases in regard to any situation of any relationship and thereby be exempt from consequences which may arise from sources other than in relation to his own parliament?

Mr. GRAYDON: He ought to be free to speak his mind.

Mr. MACKENZIE (Vancouver Centre): He did.

Mr. MACKENZIE KING: He did.

Mr. GRAYDON: He should be able to do it without penalties; that is the point.

OLD AGE PENSIONS

INQUIRY WITH RESPECT TO PUBLICATION OF ORDER IN COUNCIL

On the orders of the day:

Mr. S. H. KNOWLES (Winnipeg North Centre): I should like to direct a question to the Minister of Finance based on a letter which I have received from the attorney general for Manitoba respecting order in council P.C. 3376, of May 29, 1944. This was the order in council that, amongst other things, raised the ceiling on the total income of old age pensioners. In the letter that I have from the attorney general he says that Manitoba has indicated its readiness to agree to the higher ceiling but that they are advised that it will not come into effect until the order in council has been published by this government in the *Canada Gazette*. I am told that they are, therefore, awaiting its publication. Could the minister tell me whether it has yet been published in the *Gazette,* or if not, whether it will be shortly?

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, I do not know whether the order in council has been published or not. I cannot think of any reason why it should not be published. We have been negotiating agreements with all the provinces, and the effective date, according to my recollection, is to be April 1, or such later date as any province may desire. I will look into the question of publication in the *Canada Gazette* and advise my hon. friend. Perhaps I do not need to do so in the house.

Mr. KNOWLES: I shall send the minister the letter I have from the attorney general for Manitoba. It includes a quotation from a letter written by the minister in which he said that the amendments to the regulations would come into effect on the date of publication in the *Gazette*. He said also that he would advise Manitoba when this had been done.

QUEBEC ELECTION

REPORTED STATEMENT OF JACQUES DUMOULIN IN MONTREAL, ON JULY 9

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Has the Minister of Justice any report to make on the progress that has been made in the investigation of statements alleged to have been uttered by Jacques Dumoulin in the Quebec election?

Hon. L. S. ST. LAURENT (Minister of Justice): I am not having any investigation made as to the statement alleged to have been made by Jacques Dumoulin in the Quebec election, nor have I ever stated that I was going to.

Mr. GRAYDON: May I suggest that that is not quite a proper answer for the Minister of Justice to give me, because if he will look back in *Hansard,* he will see that he undertook to make an investigation with respect to this matter. In any event, I suggest that if he did not he should, and I ask him now to make such an investigation.

Mr. MACKENZIE (Vancouver Centre): Why don't you fight the Quebec election down there?

Mr. GRAYDON: May I say to the official interrupter that I have no objection—

Mr. MACKENZIE (Vancouver Centre): Get some Tories down there.

Mr. GRAYDON: I realize that the hon. gentleman is attempting to move closer to the Clerk's seat all the time, but that will not help him very much.

Mr. MACKENZIE (Vancouver Centre): Get a few Tories down there.

Mr. GRAYDON: This is a matter that should be investigated and I ask the government to investigate it.

Mr. ST. LAURENT: I believe there has been some misunderstanding because there are two Jacques, Jacques Sauriol and Jacques Dumoulin. I have stated on two occasions that the statements attributed to Jacques Sauriol were being investigated and they are being investigated, but I never made a statement with respect to words which were attributed to Jacques Dumoulin—

Mr. GRAYDON: Why not?

Mr. ST. LAURENT: —because I did not see anything myself in the newspapers which appeared to call for investigation. If the leader of the opposition says that something was reported in the newspaper which in his opinion would call for an investigation, I shall be glad to have the newspapers looked up and see if I agree with him.

Mr. GRAYDON: May I say emphatically that I ask the minister now to have that done because I am definitely of the opinion that there is something that calls for investigation there.

Mr. ST. LAURENT: I will have it done.

WAYS AND MEANS

INTERIM SUPPLY

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of ways and means.

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

Mr. ILSLEY moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1945, the sum of $23,425,286.45 be granted out of the consolidated revenue fund of Canada.

Mr. GRAYDON: Perhaps the minister will make a brief statement as to exactly what this covers. There are exceptional circumstances which the minister will probably want to explain.

Mr. ILSLEY: Yes. This bill is to provide: (a) one-twelfth of all the items to be voted in the main estimates for the fiscal year 1944-45; (b) an additional one-sixth of the five services detailed in the schedule to the bill.

The proportion of one-twelfth for all services is intended to provide for ordinary requirements to the end of August.

The additional one-sixth for certain special votes is necessary owing to the seasonal nature of the services provided. The first three items provide for the expenses of the Senate and House of Commons which are heavier in the early part of the fiscal year. The other two items are to cover geological and topographical surveys where expenses of sending out field parties must be undertaken early in the season in order that projects may be completed within the few months suitable for this work.

Two bills each providing for one-sixth of all items to be voted in the estimates for 1944-45 have already been granted. These were to provide for requirements to July 31. There were no schedules in these previous bills as provision was made for a uniform proportion for all services.

The present bill provides for one-twelfth generally and an additional one-sixth for the special services referred to and is in exactly the same form as bills of previous years providing for similar services.

Mr. GRAYDON: Before the resolution carries, and this is largely by way of notice rather than for the purpose of starting a debate, I see that the House of Commons general administration estimates and Sergeant at Arms are included in the resolution. I will not repeat what I said on Friday in that respect. I do not wish to criticize the department, but I think something should have been done with regard to those men who are on the protective staff in the matter of uniforms for the summer. That however was not particularly the reason why I rose. I desire also to give notice that before the estimates proper come down I should like to have some statement from His Honour, when he brings in his estimates, in connection with the House of Commons staff, as to why there is a difference between the rates of pay of those who seem to do similar work in the House of Commons and in the Senate. Perhaps that observation will cover for the moment what I have in mind.

Resolutions reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce bill No. 164, for granting to His Majesty certain sums of money for the public service for the financial year ending the 31st March, 1945.

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

On section 1—Short title.

Mr. SPEAKER: Perhaps I may reply at once to what the leader of the opposition has said with reference to uniforms for the protective staff. There has been considerable trouble in obtaining material and in getting tailors to make the uniforms, but I can inform the hon. gentleman that the cloth has now been obtained and the officers are being measured and will have their uniforms, I hope, shortly.

Section agreed to.

Sections 2, 3 and 4 agreed to.

Bill reported, read the third time and passed.

JUDGES ACT

AMENDMENT RESPECTING PENSION OR ANNUITY

Hon. L. S. ST. LAURENT (Minister of Justice) moved that the house go into committee to consider the following resolution:

Resolved, that it is expedient to amend the Judges Act to provide that a judge of the Supreme Court of Canada, the Exchequer Court of Canada or of any superior court, county court or the circuit court of the district of Montreal, may elect, in lieu of a pension or annuity as presently authorized under the said act, to divide his annuity so that his wife will receive an annuity equal to one-third thereof, and that if he should die in office that his widow will receive an annuity equal to two-ninths or one-ninth, in certain cases, of his salary.

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

Mr. DIEFENBAKER: With the general principle of the resolution I think most hon. members are in agreement. Up to the present the situation in this country has been such that no opportunity under the law has been given to judges, many of whom have sacrificed large incomes in order to serve on the bench, to make due provision for their wives by the voluntary assignment of the allowances they would receive at the conclusion of a period of service. This whole matter brings into review the question of judicial reform and the necessity of facing this important problem at the very earliest possible day. Too often appointments to the judiciary in the past have been based on political services, and too often the qualification for appointment to the bench has been the fact that the applicant has been defeated for public office. I remember one occasion particularly when a member of the Canadian bar, referring to the system in the United States under which, with the exception of the supreme court and the federal courts the members of the judiciary are elected, said that there was very little difference between the system in Canada and that in the United States. That difference, he said, was that in the United States one had to be elected to be a judge, whereas in Canada the qualification too often was that one had been defeated two or three times.

I believe this resolution is evidence of the recognition by the Minister of Justice of the necessity of doing everything possible to ensure that the best possible men, eminent leaders of the bar, shall accept appointment to the bench. I do not believe there is one of us who was not distressed the other evening by the statement made by the minister that three outstanding members of the bar in Canada who had been offered appointments to the Supreme Court of Canada had refused because it would have meant too great a sacrifice. It is interesting to know that in the intervening seventy-five years since confederation, the salaries of the judiciary have more or less continued to fall lower and lower. The cost of living since confederation has gone up some 500 per cent, and during the same time the income of the Chief Justice of the Supreme Court of Canada and those of judges of courts of appeal, after deducting present-day taxes, are lower by $1,524 a year than at confederation.

To-day, having regard to the ramifications of business and the expansion of commerce, it is even more necessary than it was at that time to have outstanding members of the bar accept appointment to our courts. The judges of the superior courts in the provinces receive to-day, after deduction of taxes, $934 a year less than they did seventy-five years ago. May I add that it was recommended as far back as 1929 that consideration be given to increases of judges' salaries. There is no provision to-day for the survivors of judges after they pass on, and this resolution is to cover that.

Some may argue that our judges are exceptionally well paid but a comparison with the amounts paid in other countries will show that we in this country are endeavouring to enlist the best possible brains to the bench while giving the least returns. In asking men to go on the bench with the low return that is available to them we are in fact encouraging the appointment of members of the bar who are not outstanding, and in not having compulsory retirement of judges at seventy-five years we are continuing to penalize litigants in that they are required to have their cases tried before superior court judges a number of whom are unfit because of age and physical disability to perform properly the duties of their office.

I mentioned a moment ago the salaries in other countries. Let me compare the salary of the chief justices of Canada with judges holding similar or comparable positions in other countries. A judge holding a comparable position in England receives a salary of $30,000 a year, with $18,750 pension after fifteen years; in Scotland, $18,000; Irish Free State, $15,000; Northern Ireland, $20,000; Australia, from $13,000 to $15,000; New Zealand, $11,500; South Africa, $13,750 to $16,250. A comparable position in the various states of the United States pays $22,500.

I think it will be agreed that the resolution which has been introduced is a step in the right direction. It recognizes the problem of assuring the best judicial appointments in every province. It recognizes the need of giving men who accept appointment to the bench the opportunity to make provision for their dependents, and the minister is to be congratulated on this forward step. I believe that a committee should be set up—it is too late to do it this session—at the next session to look into the matter of an age limit for the judiciary. Seventy-five has been suggested in many provinces. If the best men are to be mobilized for the bench of this country; if we are not only to assure litigants but to convince them that they will receive justice when they go to our courts, early consideration must be given to reducing the age at which judges shall be retired from the bench. Personally I believe consideration should be

given in many cases to retirement, or at least the opportunity given to judges to retire, at the age of seventy.

Parliament often seems to fall behind the demands of public opinion outside of the house. This resolution represents the point of view that is held outside this house by laymen on every hand. It recognizes the need for judicial reform. It recognizes that everything must be done toward maintaining the highest possible standard of justice. These things can be secured only if the law makes such provision as is necessary to secure the best possible men on the bench.

Mr. BENCE: In my judgment this is a very worth-while and commendable piece of legislation. I am in entire accord with the principle of the resolution. The details we shall necessarily have to leave until the bill has been introduced, but in so far as it is a step in the direction of making the position of the judiciary more secure I am heartily in accord with it.

I have always believed that having regard to the importance of the administration of justice, affecting as it does not only property but in many cases the life of the individual, the judiciary should be entirely free from financial worries. This is a step which has been recommended by the bar and by the judges of this country for many years. I am glad indeed to see that the Minister of Justice has taken cognizance of the stand which has been taken by these bodies. Generally speaking, I believe that the income of the judges is too low in comparison with comparable positions. I agree with the hon. member for Lake Centre when he says that in order to attract to the bench the very best type of man we shall have to put the judiciary in a better financial position than it is at the present time. There are certain provinces in which the emoluments of office are attractive, and in which there is no difficulty in obtaining appointments, but in other provinces where the practice of law is more lucrative, I believe I am right in saying that the administration has much more difficulty in obtaining the services of the very best legal men.

The Minister of Justice mentioned the other day that he had a certain amount of difficulty in obtaining appointments to the supreme court; that he had approached three men who he believed would be admirable appointments, but in each case they felt that for personal reasons they could not accept. I take it that at least one of the reasons had to do with the financial position. If we are to attract the best type of men to the bench we shall have to review this whole matter of judicial salaries in the very near future. There is no doubt that for many years the judges have been concerned about the position in which their widows and dependents would be placed if they passed on. It must be apparent to everyone that any occasion for such concern on the part of judges should be avoided if at all possible.

May I suggest to the minister that in addition to the measure which he has introduced to-day he consider doing something for the widows of judges who have passed on? In some cases they have been left penniless. Such a state of affairs should not have been allowed to exist. The minister has now introduced legislation which will help to avoid that in the future; but I suggest that he review the situation with the object of endeavouring to deal with the matter. I know of the widow of one judge who passed on a few years ago. In all fairness she should be placed in the same position as the wife who will benefit from this legislation.

I should like to commend this piece of legislation as a worth-while and forward step in so far as the judiciary and the bar of this country are concerned, and one which I believe will receive the support of the general public.

Mr. ST. LAURENT: I should like to say a few words, so as to put clearly before the committee, and so that it may be reported to the country, the purport and effect of this legislation. Hon. members who have spoken know how fully I agree with everything they have said, with the possible exception of the suggestion that it is still a requisite for recommendation to the bench, to have been defeated in some political campaign. With that I do not agree, because as a lawyer I really do take some pride in the appointments it has been my privilege to recommend since assuming office, especially appointments to the high courts. I should like to say as much about the appointments to the county courts—and possibly I would be able to do so if I knew the appointees before their appointment as well as it has been my privilege to know those I have recommended to the higher courts.

However the situation at the present time is that we are still in a war. We have ceilings—we hope—on the purchasing power of a dollar and also ceilings on wages and salaries. I fully appreciate the position in which those who are administering justice in this country find themselves, squeezed as they are between a salary that cannot be increased and a rate of taxation that takes from them a very substantial portion of what was looked

upon before as being only what they required to maintain the positions to which they have been appointed. But we are all feeling the pinch. Under present conditions, although I considered and discussed all the factors mentioned by hon. members, it was felt that nothing which would put a further burden on the exchequer in a time of war could be contemplated for the judges—because if it were done for the judges, a line could not be drawn. Only a few days ago we had a long debate over the situation as it applies to members of parliament, in which we discussed the amount fixed as indemnity to members, and the rate of taxation which prevails. We know however that pressure is upon prectically everybody, with the exception of those whose remuneration for ordinary labour has been improved; above that level the pressure is on everybody.

It is well known to hon. members that there is now pending before the national war labour board an application respecting a class of very worthy participants in the industrial and economic life of our country. I refer to the brotherhood of railway employees. That application is for an increase, because of the position in which they find themselves, as a result of increased taxation. Now, if that brotherhood, and the members thereof, were to receive an increase, I think it would be necessary that it spread, because the whole of the workers of Canada might well say the railway employees are no worse off than other classes of Canadian workers or Canadian persons receiving wages or salaries. And if that did happen it would be the end of such control as it has been possible to maintain against inflation. I offer that as my excuse for not bringing in this bill at an earlier stage in the session. I wanted to wait until the budget was brought down, and to see if there was anything that could be done by way of relief, even though it did impose something upon the exchequer. When the budget was brought down, and when it was determined what the budget would be, it became apparent that nothing involving any substantial expense for the country could be done for the judges at the present time. I then suggested that what was already on the statute book, in the form of pensions, be left there, for those who would wish to take the benefit of it as it exists, and that there be an option given to judges who are now on the bench, or to those who may be appointed, to say that instead of taking the whole pension for themselves they would prefer a pension of two-thirds and they would have an allocation of one-third of it to their wives. The result will be that the exchequer will not in the long run bear any more—or should not bear any more than it is at the present time.

Just as an illustration: for the ordinary high court judge the salary is $9,000. The pension to which he is entitled on retirement is two-thirds of that, or $6,000. He will have the privilege of saying, "Instead of providing me with a pension for life of $6,000, provide me with a pension for life of $4,000, and provide my wife with a pension for life of $2,000. While we both live we will get $6,000, and when one of us dies the other will continue to receive his or her portion of the pension." In the long run it will work out in a way which will not, or should not cost the treasury anything more than the present system. For those who take the option, or those who say, or who will say between now and November 1, that they are bound by an irrevocable option that they wish to reduce their rights to two-thirds of what they are, leaving the other third for the benefit of their consorts, there will be a further provision that if the judge dies in office the consort will get one-third of what the judge's pension would have been at retirement—that is to say, two-ninths of what his salary was. That applies to all cases of the supreme court, the exchequer court, the high courts—that is, superior courts—or the courts of appeal in the provinces.

Mr. DIEFENBAKER: If a judge died at the end of four years' service, would a pension be payable to his widow?

Mr. ST. LAURENT: Yes. If a judge is appointed and becomes incompetent to carry on his judicial duties, even after only two years of service on the bench, he gets a pension of two-thirds of his salary. That has happened within recent years, to the knowledge of the hon. member and myself. A chief justice of Ontario, the predecessor of the present chief justice, was in office only a very short time. But when because of his health it became necessary that he retire, he got a pension of two-thirds of his emolument. That is the rule which has been on the statute book since 1920 with respect to high court judges.

There is a difference in connection with county courts or district court judges or judges of the circuit courts of Montreal. If they have not been on the bench five years, they get only one-third instead of two-thirds. It is for that reason the resolution provides that there will be some cases in which the widow would receive only one-ninth instead of two-ninths.

In every case we say to the judge, "We are not going to take from you anything the statute now gives you. If you wish to take an irrevocable option, however, to be satisfied with only two-thirds of what the statute gives you, we will give the other third to your wife." That is all But, in fact, it will create a sense of some security for a great many of those who occupy judicial positions. Formerly it may have been possible for them to protect their families by taking out insurance. But I know from my own experience that since the present rates of taxation have been in force it is not possible to pay insurance premiums. Many cannot continue to pay them.

Mr. GRAYDON: And there is the other situation, too, that a judge may not be in sufficiently good health to get insurance.

Mr. ST. LAURENT: Possibly; but that is something for which at the present time I do not think we can take responsibility. But we did appoint gentlemen to the bench who felt that they were going to be able to carry insurance for the protection of their families; and we did find ourselves forced into a situation where taxation which impairs that possibility for them had to be imposed. That being so, we say to them, "You are entitled to a pension; if you will be satisfied with two-thirds of it for yourself we will allow you to contribute the other one-third to your wife; if she outlives you, she will continue to receive it; if she predeceases you, you will have only the two-thirds; it is left to you to say." That is something about which each individual will be entitled to exercise his option. If he does not like it, he can continue with the terms of the statute as it is. On the whole I do not anticipate that there will be any real extra burden placed upon the exchequer.

The other matters are such that I hope they will receive from the Department of Justice, whoever may be there, and from this house whatever the majority may be, the most sympathetic consideration. I think it is in the interests of this country that the best possible lawyers be attracted to the bench. That was so in the past. It is only in the last quarter of a century that the economy of the nation has got into such a condition that a position on the bench ceases to be comparable with the position a successful lawyer is able to make for himself, even in the big cities.

I think the British system of recruiting judges from the practising profession is a good system. Whenever general conditions make it possible I think we will have to get back to the situation that existed at confederation. As the hon. member for Lake Centre has pointed out, at that time the purchasing power of the dollar was five times what it is at the present time and the emoluments provided were such as to attract the most successful practitioners. I think it will be in the interests of the Canadian people to maintain the high standards of our courts of justice.

In conclusion I want to pay a tribute, which I think will be shared by all members of this house, to our judiciary. I want to comment upon the high regard in which it has been held by the Canadian people since confederation.

Mr. BENCE: Has any consideration been given to the suggestion I made with respect to existing widows of judges?

Mr. ST. LAURENT: That was considered but it was not felt that anything could be done at this time, especially under our system of not interfering with the freeezing orders and so forth. It would be doing something new. I think the widows of judges who have passed on will find themselves with an almost irresistible case just as soon as conditions are such that some readjustments can be made. But I would not undertake to do this at the present time because if it were done it would be said that we were doing something for one class of people. We are just allowing the judges to make provision out of what they are entitled to under the present law. It would not be the same principle if we extended it. The judge who has passed on would not have had an opportunity of exercising this option, and no one can say how he would have exercised it. That is something that I think will have to be considered on the basis of its being a new grant. I cannot take the responsibility of asking parliament to make a new grant this year, but I do take the responsibility of asking parliament to say to the judges, "You have a grant and we will allow you to rearrange it."

Mr. BENCE: I agree that these widows have an almost irresistible case, and I think it is almost irresistible at the present time. The latter part of the resolution contains something new.

Mr. ST. LAURENT: If my hon. friend will pardon me, I do not look upon it as something new. This is something only for the widows of judges who exercise their option between now and November 1 or within ninety

days after their appointment. They will make an option in writing reducing their own rights to two-thirds off what they would otherwise have the right to receive and applying the other third to their consorts. I do not think that is anything entirely new.

Mr. BENCE: I agree with that, but the new part is that should a judge die in office an annuity of two-ninths or one-ninth will be paid to his widow. That is not the case at the present time.

Mr. ST. LAURENT: That is only with respect to the widows of judges who will have exercised their options. If a judge upon appointment prefers to keep the situation as it is, and he dies in office, his widow would not be entitled to any pension. This pension of one-third will go only to the widows of judges who will have exercised their option at the outset, saying that their pension rights are to be divided between themselves and their wives.

Mr. BENCE: I quite understand that as a consideration that is required, but he is getting two benefits. First, he has the benefit of being allowed to continue one-third of his pension to his wife after he dies, provided that the pension is payable. Under this part a man may be in office only for a year. Should he die, his widow will be entitled to a pension for the rest of her life. I agree with that, but I would like to see the widows of judges who have died within the last year—I would not confine it to a year but I take that as an example—placed in the position where they would receive a pension. After November 1 when a judge dies his widow will be in that position, provided of course that he accepts this proposition; she will receive an annuity for the rest of her life. I merely point out to the minister that I think it desirable that something be done for these widows. I understand that this one-ninth provision applies to county court and district court judges?

Mr. ST. LAURENT: It applies to county court and district court judges who have not been in office five years. Under the act as it is, if a county court judge retires, having been in office for less than five years and being under seventy-five years of age, he cannot get a pension of more than one-third of his salary. If he has been in office more than five years, he gets a pension of two-thirds of his salary. One-third of two-thirds is two-ninths, and one-third of one-third is one-ninth.

[Mr. St. Laurent.]

Mr. BENCE: After November 1 a judge appointed to the bench would have to exercise that option?

Mr. ST. LAURENT: Those who are on the bench at the present time will have until November 1 of this year to exercise this irrevocable option; those who are appointed will have ninety days to do so from the date of their appointment.

Mr. BENCE: Suppose a man is married after he becomes a judge; will he have the same opportunity?

Mr. ST. LAURENT: Under the bill as will be submitted to the house he will have no opportunity to make any new option. Some cases may occur where it is desirable that something should be done, but I do not think there will be many. When a man is appointed he should realize his position and be able to make a decision as to how he wants his pension rights treated. If he thinks he is going to be married he can say, "I will be content with two-thirds of my pension and I will leave the other third available for the woman I am going to marry."

Mr. GRAYDON: I take it that you do not insist upon any declaration on that point.

Mr. ST. LAURENT: No.

Mr. DIEFENBAKER: How many judges will be affected by this? Is it 250 or thereabouts?

Mr. ST. LAURENT: There are 96 judges in Ontario, 53 in Quebec, 30 in Saskatchewan, 23 in Alberta, 25 in British Columbia, 40 in Nova Scotia, 13 in New Brunswick, and 6 in Prince Edward Island.

Mr. KNOWLES: Mr. Chairman, I feel that the terms of this resolution as outlined by the minister are sound and that it is a good piece of legislation he is bringing down. I agree too with the desire expressed with those who have spoken thus far in this debate that everything possible should be done to strengthen the position of our judiciary. It is of extreme importance that all care be taken in this matter. I support, as hon. members know, the suggestion that has been made a number of times that one of the means of strengthening the judiciary is that a compulsory retirement age be set throughout. On the question of salaries and pensions, however, I feel that there is one comment that should be made before we pass this resolution. In line with what I have just said, I am not opposed at all to improving the salary position or the

pension position of our judges, but it seems to me that we should maintain a proper perspective in this matter. I observe from the estimates that there is set aside this year the sum of $311,466.64 to provide pensions for fifty-six judges now on the retired list. That is an average pension of over $5,560 for each of those judges. Considering the honour that has been theirs because of the positions which they have held, such pensions are not too bad: considering also the terribly small amount of the old age pension that we pay to others of our honoured citizens reaching the age of seventy, I feel that we should be giving prior concern to that other group of people. I support this resolution and the suggestions that have been made by hon. members, but I urge that in the matter of the old age pension, before we worry too much about those who are receiving over $5,560 a year on an average, we should be giving some real concern to those to whom we are paying only $300 a year or less.

Mr. BENCE: How many widows of judges are now living in Canada?

Mr. ST. LAURENT: I am sorry I have not that figure. I got it some two years ago and as I remember it, it was quite a large number. I would not venture, however, to mention a figure at this moment because my memory is not sufficiently clear. I went into it at that time and even had an actuarial calculation made as to what would be the cost of pensions on various scales for the widows of deceased judges, and it was a substantial sum.

Mr. DIEFENBAKER: Has any estimate been made of how much it is expected will come out of the treasury under this arrangement? Based on ordinary mortality rates there may be a considerable additional sum payable out of the treasury by reason of the introduction of this measure.

Mr. ST. LAURENT: It is not possible to make any calculation with respect to the first portion. It is not expected to mean any burden over a period of years because the expectancy of life of the judges and of their consorts is about the same, so that that should just about even things up. As to the other provision, how many of the judges will exercise the option, we do not know. It is only those who will have made the option who will have created a situation whereby if they die in office their widows will receive the pension. It is not possible to make any estimate, but it was not looked upon by the treasury officials as being serious.

Mr. DIEFENBAKER: The minister seems to be under the impression that I was referring to superior court appointments made by himself when I spoke of defeated candidates. That was farthest from my mind. But there have been quite a number of district court and county court judgeship appointments which singularly enough have gone to men who, at least having other qualifications, have been mixed up in politics and been defeated in an election. I was not referring in any way to superior court appointments, for I know that in our own province, and I have mentioned this on a previous occasion, the appointments have been most satisfactory.

I would like to place two matters very shortly before the minister in regard to judicial appointments in county court and district court jurisdictions. The first is this, that no appointment should be made of barristers practising in the locality in which they will serve as judges. That is a very important matter. I find that wherever a judge is appointed to preside in a district court or county court in the town or area in which he practised law it takes a very considerable period of time before litigants appearing before him, who at any time had litigation on the other side against that judge while he was practising, are convinced that his judgment has not been influenced thereby. I am not saying that I know of any such case; far be it from me, but as I said, it is very important that people when they seek access to the courts should not only get justice but believe that they get justice.

Mr. GRAYDON: And that the judgments are handed down in reasonable time.

Mr. DIEFENBAKER: In that respect there has been much improvement since the Minister of Justice became interested and let it be known that where there has been a delay of over two or three months in handing down a judgment the judge should endeavour at an early day to bring down his judgment. I have no doubt that the minister has in the past suffered from delayed judgments, and bringing about that reform he has certainly done something that has met with the approval of the bar society. Men are appointed who appear to have qualifications requisite for the bench; they are believed to have the judicial temperament; but when they get on the bench there are some who occasionally display a temperament far removed from what can be properly designated as judicial. I suggest that the minister have his law officers give consideration, in so far as the lower judgeships are concerned in any event, to the adoption of a system similar to that followed in Great Britain, where in most cases before a man is appointed to the bench he has had the opportunity of serving in a junior judicial position.

In Britain they have the recorder system: the Lord Chancellor assigns or appoints an outstanding member of the bar to preside over a series of assizes and courts, and it can then be ascertained whether or not he possesses the judicial temperament. I do not know to what extent that course could be followed in this country, but I believe that if something in the nature of promotions could be provided for it would greatly improve the judiciary; by which I mean, it would give the opportunity to outstanding men in the county and district courts to look forward to the day when they might expect to be given the opportunity to accept appointment to the superior court, and, if accepted, to be appointed. The minister has followed that course in two instances that I know of, one in Alberta, the other in British Columbia, and has elevated to the superior court, district or county court judges. I think it merits expansion, and certainly consideration to that end, for by both the appointments to which I have made reference the superior courts have certainly been enriched.

Mr. NICHOLSON: I would add just a word in support of the views of the hon. member for Winnipeg North Centre. I am sorry that the Minister of Finance is not present at this discussion; were he here he might receive some useful suggestions regarding the payments of pensions to the citizens of Canada who must look to him for their payments.

I find that in the civil estimates the federal government appropriates this year a matter of $31 million to look after the 190,000 old people in this country who, after passing the age of seventy, must go through a means test and demonstrate that they have not been able to acquire enough to keep them in the evening of life, and that their dependents are not prepared to care for them, and under those circumstances the federal government votes around two hundred dollars per person to tide them through the evening of life. The Minister of Justice is much more generous than the Minister of Finance. His top ceiling in pensions for judges is a matter of $15,000 per year. It has always been difficult for me to understand why, when one honoured Canadian must have $15,000 a year as a pension, it can be expected that 190,000 must get by on an average of around three hundred dollars. I hope that when the Minister of Justice is in conference with his other colleagues in the government, particularly the Minister of Finance, something will be done to carry out the principles which are now being discussed by some legal members of the house in dealing with old age pensioners who must get their help from the Minister of Finance and from the provinces. The total from the civil estimates is around thirty-one millions, from the war appropriation, around seven millions, and from the provinces twelve millions, to care for 190,000 of our honoured citizens—which is a very small amount compared with the terms in which we are speaking in dealing with the retiring judges and their ladies.

Mr. BENCE: I do not want to be put in the position of being misunderstood in this matter. We were discussing judges and judges' salaries and the position of the judiciary, and so far as the old age pensions of the country are concerned, I do not think the matter is relevant under this item. But I have never for one single minute indicated any belief that the old age pensions now paid are adequate. I have always felt that they were totally inadequate, and if the opportunity is given me I shall support as strongly as I can any move to raise the pensions to the old people of this country.

Resolution reported, read the second time and concurred in. Mr. St. Laurent thereupon moved for leave to introduce Bill No. 165, to amend the Judges Act (annuities).

Motion agreed to and bill read the first time.

SUPPLY

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

DEPARTMENT OF JUSTICE

Royal Canadian Mounted Police—

319. Land services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses, $6,170,200.90.

Mr. DIEFENBAKER: There is a matter I want to bring to the attention of the minister, and I presume it can be brought under this item. It has to do with a complaint which came to me to-day with regard to the arrest of a clergyman at Balsam Creek, Ontario, on July 9 last. According to the information which various hon. members have received, one D. Morrison, a member of Jehovah's Witnesses, was presiding at the funeral of a Mrs. Gauvreau, and upon the arrival of the funeral cortege at the cemetery twelve officials, representative of selective service and of the police force, the Royal Canadian Mounted Police and the military police, without permitting the funeral to go on, questioned all those who were present as mourners and arrested the man who was acting as clergyman. This incident requires explanation.

Regardless of one's view as to the meritoriousness of the beliefs of Jehovah's Witnesses,

I am sure that none of us would countenance conduct such as this. I realize that in many cases which are brought to the attention of members of parliament there are elements of exaggeration, but this case has received a great deal of publicity and the facts have not been denied. I should therefore like to ask the minister whether or not the statements which appear in letters of complaint that have been received by hon. members are correct, and if so why it was deemed necessary to interfere with a funeral service in order to ascertain whether either the presiding clergyman or any of the mourners had complied with selective service regulations or were in fact subject to prosecution for failure to comply therewith.

I would appreciate it if the minister would advise the committee whether the facts as stated are correct, and if so, would give an assurance that there shall be no repetition of an incident of this kind.

Hon. L. ST. LAURENT (Minister of Justice): I have not received the letter to which the hon. member refers, nor have I seen any of the publicity to which he has alluded. Perhaps I do not read all the papers as attentively as I should. The deputy commissioner tells me he has never heard of the incident, and I can assure the hon. member that neither the Minister of Justice nor the officer in charge of Royal Canadian Mounted Police headquarters here in Ottawa instructed that such things should be done or would countenance them if they were done. I know that throughout Canada the Royal Canadian Mounted Police, at the request of selective service and the Department of National Defence, are checking on compliance with national registration.

Mr. MITCHELL: And draft evasions.

Mr. ST. LAURENT: And draft evasions, also. But I would consider it quite improper to break up a funeral to conduct any such examination; and now that the matter has been brought to our attention I will ask that the officer in charge of the region in which Balsam Creek is situate make us a report.

Mr. DIEFENBAKER: I have sent over an original letter containing the complete story and the complaint.

Mr. ST. LAURENT: I will see that headquarters here get in touch with the officer who is in charge of the Royal Canadian Mounted Police in that locality. Certainly we will not have the public of Canada believe that we would countenance interference with a ceremony of that kind.

Item agreed to.

Royal Canadian Mounted Police—

320. Grant to the Chief Constables' Association of Canada, $500.

Mr. DIEFENBAKER: This is the grant to the chief constables' association, and I wish at this time to make a plea for consideration being given to the city, municipal and village policemen who are represented generally by this association. This matter has been brought to my attention by an official of the association, and I am very glad to bring it before the committee and the country and to speak on behalf of that great body of self-effacing men, the municipal policemen represented not only by this association but those in the villages and towns, whose fine record of public service we so often lose sight of.

The situation to-day is that many of these men serve long periods without being able to look forward to any pension at the end of their term of service. In the United Kingdom, to promote efficiency and assure security, provision is made for a pension for policemen at the end of a period of time; and under the amending Police Act of 1906, a man who serves in the police force in England for more than three years is entitled to transfer from one police force to another, the total period to be counted for purposes of pension.

In this country the Royal Canadian Mounted Police have a very fine pension system, the various provincial police forces have the same, and the larger cities and towns have similar provisions; but in the country as a whole, out of 6,444 policemen there are over 1,900 for whom no pension scheme is available. By provinces the record is as follows:

	With pension scheme	Without pension scheme
Nova Scotia	63	107
New Brunswick	70	43
Prince Edward Island	...	20
Ontario	1,569	888
Manitoba	256	93
British Columbia	474	13
Alberta	193	57
Saskatchewan	106	115
Quebec	1,786	591

The Chief Constables' Association of Canada have on more than one occasion passed a resolution requesting that such a scheme as is in effect in the United Kingdom should be made applicable to Canada. It might be argued that this matter comes under provincial jurisdiction, and with that I do not disagree. But I believe that in order to assure the efficiency and the security and the integrity of these public servants, who have done so much for this country, consideration

should be given to grants in aid on the part of the dominion to the provinces to enable the carrying into effect of a pension system on behalf of all municipal, town and village policemen for whom there is no pension provision now in effect. Efficiency would be promoted if the system followed in the United Kingdom were carried out in this country. These municipal police forces cooperate with the Royal Canadian Mounted Police and with the provincial police force in the provinces in which they are established. That cooperation could be carried to the point where there would be increased efficiency if provision were made similar to that in effect in the United Kingdom, where an inspector of the home office each year conducts an inspection of all the municipal forces within the country, whether under his jurisdiction or not.

If any of the municipal forces are below the standard of efficiency demanded by the home office as reported on by the inspecting officer then that particular municipal police force is denied the pension provisions. I do not expect any final answer from the minister in regard to this matter. In view, however, of the definite increase in juvenile delinquency—true, there was a decrease last year—and the tremendous increase since 1930 of serious crimes, indictable offences and the like in proportion to population, few would object if by a small expenditure a greater control over the efficiency of these forces could be ensured. We could take one of the senior officers in the criminal investigation branch in Ottawa and put him in charge of this work. The result would be that the Royal Canadian Mounted Police would have charge of the prosecution of federal offences, the provincial police would have charge of provincial offences and the municipal police would deal with both subjects and with municipal by-laws; and all would have a common standard of efficiency. Efficiency would be maintained; security would be given to those forces, and it would be of great benefit in raising the standard of criminal investigation and prosecution in this country; in short it would go a long way towards securing a degree of equality in the efficient and effective administration of the criminal law by police officers that is not always secured.

I pass this suggestion on to the minister. It has been recommended on more than one occasion by the chief constables association. It is a matter that might very well be brought before the next dominion-provincial conference for report and consideration; for there is nothing more important than the maintaining of the highest possible efficiency in the police forces of this country.

[Mr. Diefenbaker.]

Mr. ST. LAURENT: The hon. member himself stated that he realized the constitutional difficulties. The most that we can do is to express our feeling that no doubt it would be desirable that all those who are performing constabulary duties throughout Canada feel some security in that regard, but the initiative would have to come from the provinces. The best promise I can make to my hon. friend is that I shall secure copies of *Hansard* relating to this debate and forward them to the several attorneys general of the provinces, calling their attention especially to the suggestions he made here to-day. We could not ask for the right to inspect the provincial or municipal forces. We have provided a college here where we receive those who wish to come, and we endeavour to give them some assistance in learning about the profession in which they are engaged; but we could not suggest to the provinces or to the municipalities that we should like the right to inspect their forces and to pass upon the sufficiency of the measures they are taking within their jurisdiction. If as a result of a provincial conference the suggestion came from them that for the purpose of achieving some greater degree of uniformity in the administration of law it would be desirable, I think there would be no objection raised from our point of view, in view of the relatively small amount of money that might be involved; because everyone realizes that though there are ten governments there is only one Canadian people, and that it does not matter very much from what purse public funds are taken if they are devoted to a good purse. It is in the interest of the Canadian people that the thing be done.

Item agreed to.

Royal Canadian Mounted Police—
Pensions and Other Benefits

321. To compensate members of the Royal Canadian Mounted Police for injuries received in the performance of duty, $11,749.16.

Mr. GREEN: Will the minister explain the present position with regard to pensions for the men of the force? I understand that the men who were retired some years ago get a smaller pension than men who have been retired more recently; also that all these pensions are subject to income tax. I believe that some hardship is being suffered particularly by the men who retired some years ago.

Mr. ST. LAURENT: It may be that some contracts that were made years ago were made on a different basis from those that are being

made at the present time. When I started to practise law I got very much smaller fees for certain cases than I got just before I was promoted to this office. I have not heard of any hardship. There are some files that are never closed. There is not a month that I do not get communications in connection with someone from a new source, concerning a person who rendered medical services to the force years ago. I do not think that file is ever going to be closed, but there is nothing that can be done about it.

Mr. GREEN: I am not referring to special cases like that. I refer to the general constabulary. Is it not a fact that the men who were retired prior to a certain date get a smaller pension than the men who are being retired at the present time? The suggestion was made to me that these amounts should be increased so that all of the men would get the same rate being paid at the present time.

Mr. ST. LAURENT: I am afraid that each one has to take the situation as it existed during his time and age. I have no doubt that there have been improvements in the Pension Act, and there is now a portion of the Pension Act which provides that men may, by agreeing to deductions from their pay, have a pension provided for their widows and dependents. There was a time when that did not exist, but the application of these pension acts is really of a contractual nature. The man makes his contract and he gets what the contract calls for. I have not had any representation on cases of hardship. From time to time there are cases which do occur where special grants are made out of trust funds to members who formerly belonged to the force. These are made for very special cases. Special emergency cases arise. There are no longer any prizes or special payments to members of the force. All that goes into the fund. The fund also receives certain legacies, and there are sometimes grants made out of that for emergency cases. I have not had any representation about the insufficiency of the pensions which were accorded to those who retired from the service in earlier years.

Mr. GREEN: Would the minister have the whole question of the pensions investigated?

Mr. ST. LAURENT: I will secure information as to the difference between pensions paid under the former act and those paid under the present act, but I should not like to reopen the present Royal Canadian Mounted Police Act, because there are some provisions in it which I might not be able to retain if the whole act were to be reconsidered.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. KNOWLES: Would the minister explain the basis upon which these awards are determined?

Mr. ST. LAURENT: The first item is an award made to one R. Arcand, in consequence of a disability resulting from a fracture of the left fibula. The amount is $73 per annum. The next is an award of $365 per annum to F. L. Armstrong, in respect of burns to his left hand and leg, in which permanent disability was involved. I have a long list of these. If necessary I could put them on *Hansard*, but I do not believe they would be of general interest. These are pensions to persons who suffered injuries which resulted in permanent physical disability, and the amount of disability in each case was estimated and on the recommendation of the commission, the award was made as some compensation for disability incurred in line of service.

Mr. KNOWLES: Are these awards by statute?

Mr. ST. LAURENT: No, they are voted each year. The system is that a recommendation goes to the treasury board, and if it receives approval, that approval is accepted as authority to include it in the estimates. It is so included each year, because there is no other fund out of which the amount could be paid.

Item agreed to.

322. Pensions to families of members of the mounted police who have lost their lives while on duty:

Mrs. Mary Emma Bossange, $456.25.
Mrs. Margaret Johnson Brooke, $821.25.
Mrs. Margaret Cox, $410.63.
Mrs. Georgina Harrison, $676.50.
Mrs. Letitia Kennedy, $423.50.
Mrs. Nora Jean Massan, $300.
Mrs. Mary Miller, $667.38.
Mrs. Margaret Nicholson, $547.50.
Mrs. Catherine Mildred Ralls, $675.25.
Mrs. Doris Freda Sampson, $816.
Mrs. Amy Lillian Searle, $406.98.
Mrs. Madelaine Mary Shoebotham, $810.
Mrs. Eunice Wainwright, $602.50.

Mr. KNOWLES: I note that the highest pension in any of the fourteen cases mentioned amounts to $68 a month, and four of them amount to only $38, or even less. These pensions are considerably lower than the ones we were discussing this morning. Then I am concerned with the fact that five of these pensions to widows of men who were members of the Royal Canadian Mounted Police are being reduced this year. What is the explanation for these reductions?

Mr. ST. LAURENT: The reduction would be made through children dependents passing

the age of eighteen years. Each year a change comes about through that circumstance, the pension being computed on a basis of so much for the widow and so much for each dependent child under eighteen years. Pensions were based upon the period of service, and the amount of pay and allowances received by the men in question. These were pensions which were not payable under the general terms of the act, but were paid as compassionate allowances because of special conditions in which the families of these faithful members of the force found themselves as a consequence of the death of the breadwinners.

Mr. KNOWLES: Is such a compassionate allowance awarded in every case where one is left a widow because of her husband's having lost his life while on duty, but without any pension otherwise provided?

Mr. ST. LAURENT: Yes.

Item agreed to.

DEPARTMENT OF LABOUR

100. Departmental administration, $387,318.

Mr. HANSON (York-Sunbury): Would the minister give us some indication as to the reason for the increase? I understand the civil branch of the department is growing rapidly. Perhaps the minister could explain the extension in the service.

Hon. HUMPHREY MITCHELL (Minister of Labour): In the civil administration we have the Annuities Act, fair wages and conciliation, the Vocational Training Coordination Act, 1942, and the Technical Education Act. Payments are being made to all provinces with the exception of one, namely Manitoba. Then, we have the administration of unemployment insurance. I believe that covers the whole ground of the civil end of the department.

Obviously under war conditions there must be an expansion in those branches of the department which in some respects deal with the war situation. Then, I suppose there would be some restriction in other branches where the war has not had the same effect.

Mr. HANSON (York-Sunbury): There is a substantial increase for temporary assistants. How are they appointed?

Mr. MITCHELL: All the appointments pass through the civil service commission. Then of course appointments are made by order in council, the same as in other departments.

Mr. KNOWLES: There is a matter under the heading of labour administration which I took up previously with the minister and about which I should like to say something further at this time. I first raised this matter in the house on May 1 during the discussion of the minister's section of the war appropriation estimates. This has to do with the pension rights of employees of the Canadian Pacific Railway who were out on strike in 1918 or 1919. Following the discussion we had on this matter on May 1, I wrote to the minister on two occasions, on May 15 and June 16, and on June 20 I received a reply from the minister with which he enclosed a copy of a letter which had been sent to his deputy, Mr. MacNamara, by Mr. C. E. Stockdill, assistant to the vice-president of the Canadian Pacific. In other words, the minister did something following my representations both in the house and by letter; he referred the matter to the vice-president of the C.P.R. and received this one letter from Mr. Stockdill. I am grateful for the fact that the minister recognized that this was a matter in which he should interest himself, but I am not at all satisfied with the reply Mr. Stockdill made to Mr. MacNamara, nor am I satisfied to let the Minister of Labour allow the matter to rest there.

In order to discuss the matter properly I think I should quote to the committee the text of Mr. Stockdill's letter. It was written from Montreal on June 8 and addressed to the deputy minister of labour. Hon. members will note that in this letter Mr. Stockdill endeavours to slap me down for some of the things I said on May 1. I read the letter for two reasons: first, in order that I may point out wherein he has grossly distorted my statements of May 1, and, second, in order that I may reply to his arguments and endeavour to persuade the minister to work further on this matter. The letter follows:

Dear Mr. MacNamara,

In the absence of the vice president, I am replying to your letter of May 19.

It is unfortunate, to say the least, that Mr. Knowles, who does not lack sources of accurate information, should have put forward, unwittingly perhaps, a version which is not borne out by the facts of the case.

At page 2502 of *Hansard* he repeats four times in varying form the statement that when the new pension plan was set up in 1937, a change was made which had the effect of creating a new problem for the men who left our service during the strike of 1919.

In point of fact no change was made by the 1937 revision of the pension rules, which affected in any way the position of the men concerned.

The provision of the pension rules that any one entering the service of the company after having reached the age of forty is ineligible to receive a pension has been in effect since July 5, 1904, and the provision that persons voluntarily

leaving the employment of the company when their services are required become ineligible, was incorporated in the original regulations when the pension system was inaugurated on January 1, 1903.

The effect of clause 8 (a) of the existing pension rules, which was quoted in part by Mr. Knowles, was merely to give effect to these two previously existing rules.

Since July 5, 1904, many men have left the company's service for reasons which seemed good to them, and have later re-entered the service, but only those who were under forty at the time of their last entry became eligible for pension.

Mr. Knowles statement at page 2505 of *Hansard*, with regard to the effect of section 122 of the railway act, also lacks candour. While the pension system was a voluntary one the company acted under this provision of the statute, a provision essential to the establishment of a pension system of any kind; but when it became necessary to put the system upon a contributory basis the cooperation of the employees was invited and the pension rules were framed by a joint committee composed of four representatives named by the company and four chosen by the general chairmen of the organized employees, and the employees have enjoyed adequate representation on the pension committee ever since.

None of the men concerned had any grievance against the company at the time they left their employment, nor, if the statements of their responsible leaders are to be accepted, were they ignorant of the results of their action, since it has been repeatedly asserted by these leaders that the men were warned of the consequences, and of the fact that the strike contemplated was in defiance of existing law.

Yours very truly,

C. E. Stockdill,
Assistant to the Vice President.

I happen to know Mr. Stockdill personally. I have every regard for him in his private capacity as a very fine gentleman, but I am amazed at the tone and substance of the letter which he saw fit in his capacity as an official of the Canadian Pacific to write to the government on this matter, a letter consisting of distortion along with evasion of the real issue. First of all he makes the statement that on page 2502 of *Hansard* I said four times in varying forms that the provision of clause 8 was a new provision inserted in 1937. Anyone who refers to that page of *Hansard* will find that while it is true I referred four times on that page—and rightly so—to the new pension rules which were established in 1937, at no time did I refer to the clause requiring every employee to be under forty at the time of his last entry into the service as a new provision. What Mr. Stockdill and the other officials of the company know is that in 1936, 1937, 1938 and 1939 that clause, an old one to be sure which was hatched out in 1903 and carried over into the new rules, was the principal bone of contention between the employees and the company so far as the new pension plan was concerned. It was at that time that the men were most conscious of what that clause would do to many hundreds of them by way of cutting down their pension rights in many cases and denying any pension at all to many others.

Mr. Stockdill points out that the pension plan as instituted on January 1, 1937, was the result of the work of the company with a committee appointed by the general chairmen representing the men. That too is true, but it is not the whole story. The men tell me that the committee that represeented the general chairmen agreed to the pension plan before it was referred to the general membership of the various unions. As a matter of fact a booklet setting out the new plan and bearing the date September 15, 1936, was distributed among the employees of the company several months before the plan came into effect, but its terms had been made final. When the general membership discovered what was the effect upon them of this new plan, which carried over into its provisions the rule contained in clause 8, they really went to work on it. The matter was discussed in all the unions of the Canadian Pacific System whose members were affected by it, particularly in western Canada, and in due course they sent a strong delegation from the west to Montreal to wait upon their general chairmen. That was in 1937, just after the plan came into effect. They discussed a number of matters, but the major point that they discussed was clause 8, because the decision which the company had handed down to the men at that time was that their absence from work in 1918 or 1919 was to be considered as a break in their service. As a result of the representations made by the membership to their general chairmen in 1937, the general chairmen waited upon the company several times in the years 1937, 1938 and 1939, and I repeat that Mr. Stockdill and the other officials know that this question was the burning issue at that time, and it still remains a burning issue with many hundreds of the employees of the company.

I would refer the minister, in the hope that he will reconsider this matter, to some of the quotations that I placed on the record when I last discussed this matter on May 1, quotations which I do not need to repeat at this time except to point out that they made it clear that Mr. Coleman, who was then vice-president of the company, said to the men that the real stickler so far as the company was concerned was that they could not afford to pay these pensions. The men who waited upon the officials of the company at that time came away convinced, and so reported to their

general membership, that if the fortunes of the company were a little better there might be some hope of their getting these pension rights restored.

Mr. HANSON (York-Sunbury): On what date is Mr. Coleman said to have said that?

Mr. KNOWLES: That was in 1939. I put the exact date on the record when I spoke on this matter on May 1. I also pointed out at that time, and I think I should repeat it, that in the years prior to 1937 the pension scheme that was in effect in the Canadian Pacific railway system was what was known as a non-contributory system. The company therefore used the argument that the men had no equity in the funds of the company, while on the other hand the men recall that every time there was any discussion or negotiations with respect to wages down across the years from the early part of the century to 1937 the company always pointed out that there was this non-contributory pension plan. In other words, the men were told to remember that what they were receiving was not just the wages that they received in their pay envelopes, but certain pension rights that they would obtain on retirement. And so the men felt that they had an equity which they had built up by their work with the company over a period of years.

When Mr. Coleman says that it would cost the company $1,250,000 to restore those pension rights which the men had in 1919, I suggest he is admitting that the men had that much of an equity in the funds of the company at that time, and that what the company did was, by means of a technicality, to appropriate the funds which really belonged to the men.

Mr. HANSON (York-Sunbury): That is going a long way.

Mr. KNOWLES: My hon. friend says that that is going a long way, but in my view that is exactly what the situation is.

Related to this whole question is the position which other employers took at the same time. I fear that I must repeat briefly at this point. In addition to the employees of the Canadian Pacific, I would remind the committee that employees of the Canadian National and a certain number of dominion government, provincial government and Winnipeg municipal employees were involved in the strike which took place in 1919. But these other employers, the Canadian National, the dominion government, the provincial government and the municipal government, have all completely disregarded the strike of 1919 as affecting the pension rights of their employees, leaving the Canadian Pacific the only large employer which still holds participation in the strike as against its employees in the matter of pension rights.

When one recalls as well the land grants and subsidies and tax exemptions which the Canadian Pacific have enjoyed down across the years, and that is true in the city of Winnipeg as well, it seems to me that they are not playing fair with the country, and certainly not playing fair with the men, in continuing to deny to them their pension rights.

Mr. Stockdill in his letter suggests that in one portion of my remarks I lacked candour because of my references to the fact that the government should concern itself in this matter with a view to protecting the interests of the men. The reply that Mr. Stockdill makes to that is that the plan was set up by this joint committee and that the men now have adequate representation on the pension scheme. In other words, the presumption is that the men's interests are fully protected, and there is no need for government intervention. I have already pointed out that the first time the plan was ever brought to the attention of the men they were not satisfied with it because of this clause that was included in it, and immediately they voiced their protest against it. I would also point out so far as adequate representation on the committee is concerned, as suggested by Mr. Stockdill, that the committee consists of seven members, four of them being officials of the company and only three of them representatives of the general chairmen of the unions to which the men belong. Despite the fact that four constitutes a quorum there is never any danger of the general chairmen of the unions constituting a majority of a committee meeting, because when any of the officials of the company are absent from a meeting they have a right to appoint proxies to take their place. Thus the proportion of four officials of the company to three representatives of the men is maintained at all times.

I think it might be well for me to give an indication to the minister of the interest taken in this matter and of the support that I have received because of the representations that I have made to him. Since May 1, entirely apart from the representations that I had from my own constituency before I raised this matter, I have received many letters about this subject. Many of them have come from individuals who have been affected by the decision of the company, and many have come from unions, official letters expressing support of the view that I took in the house, and expressing the earnest hope that even yet the government might interest itself in

this matter in such a way as to bring justice to these men. I would like to give the minister a list of some of the unions from whom I have heard officially in this matter, without bothering to indicate the number of personal letters I have received. Here is a list of the unions: Lodge 28, International Association of Machinists, Kenora, Ontario; Brotherhood of Express Employees, Local 28, Winnipeg, Manitoba; International Brotherhood of Firemen and Oilers and Railway Shop Labourers, Local No. 929, Moose Jaw, Saskatchewan; Jubilee Lodge No. 6, Brotherhood of Railway Carmen of America, Winnipeg, Manitoba; Brotherhood of Railway and Steamship Clerks, Northern Alberta Lodge No. 648, Edmonton, Alberta. I also received a letter from the general chairman of that brotherhood. To continue: Ladysmith Lodge No. 42, Brotherhood of Railway Carmen of America, Calgary, Alberta; Local No. 155, Sheet Metal Workers' International Association, Winnipeg, Manitoba; Commercial Telegraphers' Union, Canadian Pacific System, Division No. 1, Winnipeg, Manitoba; Plumbers and Steam Fitters' Local Union No. 479, Winnipeg, Manitoba; J. M. Egan Lodge No. 223, Brotherhood of Railway Trainmen, Winnipeg, Manitoba; Winnipeg Railroad Pipe Fitters and Helpers, Local No. 479, Winnipeg, Manitoba; and also from the Canadian Merchant Service Guild (Incorporated), Vancouver, British Columbia. I might say in connection with this last organization that not only are railway employees affected by this rule of the company but employees of the Canadian Pacific steamships on the west coast are also affected.

While I am referring to that perhaps I should tell the rather odd situation of a master of one of the Canadian Pacific ships out on the west coast who—I will quote from the letter directly—"had a three-day break in service in 1918 and was retired without a C.P.R. pension in the fall of 1943". This man was the captain of a Canadian Pacific vessel, and sailed for over fifty years under the red ensign and for approximately twenty-five years with the Canadian Pacific. "But here is something for Mr. Ripley." I am quoting further from the letter from the union:

> Captain . . . now receives $20 per month pension from the United States government, under their social security laws, as he sailed on Canadian Pacific ships which run in American waters, but from his own company and country he receives absolutely nothing.

Because of a three-day break in service in 1918! In connection with these breaks in service in 1918, because a number of them at some of these other points around the west—Kenora, Edmonton and some other places—were breaks in service in that year rather than in 1919, I will quote in part from a letter from a union in Kenora, Ontario:

> There was another strike in 1918 of only a few hours' duration (about sixteen hours), and in this case no one was fired or rehired, so really no legal break in service, and when the grievance was straightened (in our favour) we were just told to carry on and there was to be no discrimination. To our surprise, in 1937—

I am calling this to the attention of Mr. Stockdill, because it was in 1936 and 1937 that this issue came to a head. In his letter he is only evading the issue.

> —when the contributory scheme was introduced, four of our union members had application papers returned as we were forty or over in 1918. No member of the International Association of Machinists here in Kenora went out in 1919.

I could go on with a great many letters from unions and from individuals showing the hardships which have resulted because of this decision. I could also read a letter from one official of a union, as a matter of fact a general chairman, who says that he is very much afraid that one of the reasons for retaining this clause 8 in the pension rules is that it enables the company to continue to hold a club over the men. Perhaps I should read part of this letter because it relates to something which is a burning issue right now:

> It so happens that I was personally involved so quite naturally I had more than a passing interest in the question. I was one of a subcommittee set up to handle the matter with officials at Winnipeg, but we got absolutely nowhere. Although the reason given of continuing this injustice is one of inability to pay—

Mark you, this is a statement of one of the general chairmen.

> —I am convinced that the board of directors are insistent of retaining the restrictive clause, so that the company will always hold a club over the head of the employees over forty who might be considering going on strike. Certainly they would think twice before leaving their jobs, and if we are turned down by the national war labour board on applications for wage increases some such action might be considered.

So that in addition to the injustice of the whole situation and the suffering which many of these men are enduring because of the inclusion of that rule in the pension by-laws as they now stand, it is the feeling on the part of a good many that it is still there as a club to keep these men from exercising their right to strike if a situation becomes intolerable.

Apart from that, however, I plead the case of these older men. I am not able to get the exact figure as to how many there are now, but in 1937 there were 400 or perhaps 450 older employees of the company who were over

forty when they returned to work in 1918 or 1919, and as a result of that these 400 or 450 are denied a pension of any kind. Some of them had worked 20 and 25 years before 1919. I have case after case here of men with 35 and 40 years of service but no pension because they were forty years or over when they returned in 1919.

In addition to the 400 who lost their pensions outright in 1937, there were 2,100 employees of the company who had some service prior to 1919 varying all the way from one year up to fifteen or twenty years or longer who were still under forty and would therefore qualify for a pension, but at a reduced rate, because they would get no credit for the time served with the company prior to 1918 or 1919.

I emphasize, as I said when I spoke on this matter before, that a great deal has happened to the thinking of our people in the years since 1919. I do not feel that the company was justified at that time in deciding that that was a break in service with respect to pension rights; certainly I do not feel they were justified in taking that position in 1937 when the new rules were brought in; but now I say they are even less justified in continuing this piece of injustice. The concept of social security has grown tremendously in the minds of our people. The realization that industry owes some responsibility to its employees is becoming more widely accepted. This company is doing particularly well so far as profits are concerned. I gave the figures on May 1. I feel that as a matter of playing fair with the people of this country and playing fair with these employees the whole subject should be brought forcibly to their attention and they should be urged—if something stronger than that cannot be done by the present government—to reconsider this whole position.

I call attention again to the case I read from Kenora. I could cite others, if I were to take the time to read them, where the men claim that they were given verbal assurances that the break in 1918 or 1919 would not be counted against them. I have a letter from one union secretary who says that their union was very young at that time and they accepted the verbal assurances which were given to them as something which could be counted on. After the experience they had then, they would know better and would insist on getting it in writing; but they have not got it in writing as far as 1919 is concerned, and therefore they realize that they are stuck. Nevertheless in a number of the unions they are of one accord, in their statement that assurances were given quite definitely at that time.

I am taking this matter up now with the Minister of Labour because I see it as a matter of labour relations. I might have taken it up under the Department of Transport, but that would imply that the government could use the whip hand in some way through its control over transportation. I prefer that it should be done through the Minister of Labour as a matter of labour relations. This company prides itself on its relations with its employees and wants to be on the best terms possible with them, but this situation rankles with hundreds of these men and is the cause of a great deal of suffering in many homes. Men are laid off at sixty-five and are denied their pension rights. The last time I spoke on the matter I pointed out that some of the men who go to the company after being laid off and appeal for a pension are denied it, and when they ask for something else the company says, "If your health were better we would give you an extension and allow you to work past sixty-five, but although we are sorry to learn that your health is such that you cannot continue working, we regret that we can do nothing for you." As I have indicated by reference to a long list of unions who have written to me on the subject, this is something that rankles in the minds of these men, and I submit that a strenuous effort should be made by the government to persuade the Canadian Pacific to reconsider the whole position.

As to the question of money, the profits are there, and the amount involved is really small compared to what the company is making out of the war at the present time. As regards the actuarial question, I submit that these men had an equity in the funds of the company in 1919 and that can easily be taken care of. I appeal now to the Minister of Labour to continue to use his good offices in this matter. I appreciate the fact that he did something but it was not enough, at least so far as he has reported to me. The indications I have are that he wrote this one letter, or had Mr. MacNamara write it, to the vice-president of the company, and he received a reply which was forwarded to me. That reply is not satisfactory, and the situation, to some of us at any rate, is such that we are not prepared to let the matter rest.

I raise the matter in this way not to hear myself talk about it. As regards the men in my constituency, many of whom work in these shops, I can say that they know where some of us stand in looking after their interests without our having to do a lot of talking about it. Rather, I raise the matter in the earnest hope that something will yet be done. It is action I am looking for. Despite all the failures in the past, and the adamant refusal of the company to reconsider the matter, I

believe that if the Minister of Labour were to tackle it with the same concern and the same earnest feeling I have about it, and really go after it, he could persuade the company to reconsider the whole position.

Mr. BENCE: I have not that personal knowledge of the situation that some people who reside in Winnipeg have, people who are able to make personal contacts with the general chairmen of unions, but representations have been made to me by groups of employees from Saskatoon, and from what I am informed I suggest to the minister that the case be given the utmost and the most sympathetic consideration both by the company and by the government. I realize that this is a matter of labour relations, but I believe that in the interests of good labour relations the administration should intervene and do whatever is possible in the way of a solution, or see whether some solution can be arrived at.

The particular case referred to me is that of employees in the company who in 1918 went out on a sympathetic strike for a few hours. I do not know how long it was, but it was not more than a few hours; certainly it was not as long as a day; and that one act, whether advisable or not, has prejudiced their whole lives. Furthermore, I suggest that in these enlightened days, so far as labour relations are concerned, that single act if committed to-day would not have meted out to it the punishment that has been visited upon these men in being deprived of years of seniority. The punishment would not be nearly so extensive. The fact that this break in continuity was only of very brief duration would suggest, I submit, that the whole matter might be reconsidered, and the administration might point out to the company that there are other cases right across the whole north American continent in which men have gone on sympathetic strikes and afterwards, if I may use the expression, been forgiven for the fact that they made that break in their continuity.

I suggest also that the company itself would be very wise to give the matter the most sympathetic and earnest consideration. I believe that if it took the broadest and the most kindly and humanitarian view in an effort to reach a solution of the problem the company itself in the long run would profit and it would show that it had the interests of the men at heart and was desirous of obtaining the good will of the Canadian people as a whole.

Mr. MITCHELL: I am not going to speak for forty minutes, as did my eloquent and hon. friend the member for Winnipeg North Centre (Mr. Knowles). He could have covered the ground in five minutes.

Mr. KNOWLES: You could do the job itself in five minutes if you made up your mind to it.

Mr. MITCHELL: I will cover in five minutes more than he covered in forty, and more satisfactorily. He said he liked to hear himself talk, and I thought so myself. Now, the situation is clear. There was a strike in 1919—

An hon. MEMBER: In 1918.

Mr. KNOWLES: Both.

Mr. MITCHELL: At that time the Canadian Pacific had a pension fund, all the moneys of which were paid over by the company. There was a clause in the agreement or constitution of that pension fund which stipulated that the pension would be lost under certain conditions. These facts are clear. Since then, in 1937, they established a contributory pension fund. What my hon. friend is trying to do cannot be done, namely, to discuss and settle on the floor of the House of Commons grievances between employers and employees. The hon. gentleman read a certain number of letters from local organizations. We do not need to direct the local organizations in this country; they are quite conscious of their own powers and of their ability to negotiate for their own men. I did what my hon. friend wanted me to do. I wrote to the company. After all, the Labour department, at least under the present system of society, does not make agreements with employees, nor does it negotiate agreements between employers and employees. If it can be of assistance it always lends that assistance. My hon. friend spoke about the composition of the present board of trustees of the pension fund of the Canadian Pacific. I think that is best left to the labour organizations and to the employers themselves. There is no law against an expression of opinion on the floor of the house. But if I were to get a request from the parent organization—and as my hon. friend from Cape Breton South knows probably as well as I do, they always deal with their national organization in matters of this kind—I should be glad to endeavour to arrange a conference if possible between the company and the organizations concerned.

I wish to say this in conclusion, that my hon. friend does not hold the first mortgage on concern for the rights of the men in question as against any member of this House of Commons, irrespective of political party. Let that be clearly understood.

Mr. HANSON (York-Sunbury): Just a word on this question; I agree that you cannot settle labour relations between a company and

its employees by discussion in this House of Commons. What you can do, and what the hon. member for Winnipeg North Centre is trying to do, is to build up a case for himself in the minds of certain people. Nevertheless I happen to know of one of those men, just one, who has been affected by the condition which has been detailed here. Because involuntarily he took part for a few hours in a strike in 1918 or 1919 he cannot look forward to participation in the old pension fund of the Canadian Pacific Railway when, as is now imminent, he reaches retirement age.

I suggest that the heads of the unions, who have more or less intimate relationships with the personnel direction of the Canadian Pacific Railway company—their relations with their employees are exceptionally good—be left to deal with it. The matter can well be left to them, and I have no doubt something may be done. I do not think it can be done here. I do not think it is part of our function to urge the Canadian Pacific Railway company, with the inadequate information which we must of necessity have here to-day, to do something which they have not heretofore done. I suggest that this is a type of case that should not reach the floors of parliament, much as I personally sympathize with one person and others who I know are very much aggrieved. What I have done in such a case is to make personal representation—I am afraid I have not been very successful; and I have to be content with that, as I think all of us should be. I do not think the estimates should be held up by matters of this kind.

Mr. KNOWLES: I am not going to bother to reply to the insinuations that I had selfish motives in raising this question. If hon. members wish to say insulting things of that kind they may go ahead and do so. That is their business. I know, and the men in the Weston shops in Winnipeg know, why I am raising this question. Neither do I feel it necessary to argue with the hon. member for York-Sunbury as to the propriety of raising questions of this kind on the floor of the house. I point out first of all that every other avenue has been tried by the men down through the years. Lest any hon. members think that because this matter arose in 1918 and 1919 it is a dead issue, I can assure them that it is still the subject of a great deal of discussion and working out of plans in the unions whose members are affected.

I suspect that the suggestion the minister made a moment ago, which I welcome, namely, that if he received a request from the heads of the unions he would look into the matter, will bear fruit in suggestions along that line coming to him. In the remarks that have just been made there was a suggestion that there is nothing that can be done here in this House of Commons or nothing that can be done by the government. If I feel that I can make a case for these men—let it be remembered that I am only a private member of the house, and a member of a minority party—and that case is sound and valid, as I firmly believe it is, I suggest that if the minister with the authority of the government behind would present that same case in his own words to the company, using his persuasive powers, it would have some effect. That is my reason for raising it here, in the hope that the minister will present the case as strongly as he can in taking the matter up with the company.

The last speaker suggested that we had inadequate information on the floor of parliament.

Mr. HANSON (York-Sunbury): No, I did not say that. I said that of necessity we could not have the full story.

Mr. KNOWLES: Whatever the situation may be so far as certain members of this committee are concerned, certainly the full story is available to the Minister of Labour and to the government. I urge that he reconsider it in his own mind. I am not asking for a first mortgage on concern for these men. I do not care who gets the credit for it. The Minister of Labour can bring this about and get the credit for himself. That does not bother me at all. My concern is to see these men get a better deal. I have a vivid personal recollection of what this kind of thing means. My own father was a machinist for a street railway company. He suffered an experience similar to this which resulted in his having to take on a kind of work in his later years for which he was not physically fitted. It cost him his life. As a matter of fact that incident was the final cause in my deciding to throw my life into the work in which I am now engaged, and I am keenly anxious that this matter of the Canadian Pacific and the pension rights of these men be pursued as far as possible.

Mr. MITCHELL: May I say a few words to keep the record straight? I know my hon. friend does not want to mislead the people in this organization. Outside of the power of getting the two parties together the government has no power whatever except by passing a special act of parliament, and I know my hon. friend would not want us to do that because it cuts both ways. Let that be clearly understood. I do not want *Hansard* to go out to the organizations with the implication that the Labour department is not prepared to go as far as it possibly can under its present

legislative powers. I hope I shall never live to see the day when the kind of powers that my hon. friend has in the back of his mind, probably subconsciously or instinctively, are brought into being. I hope I shall live to see the day when labour organizations and employees deal freely with one another without any pressure from the government concerned. When I say "pressure" I mean legal pressure that we see in effect in countries against which we are fighting at the present time.

Mr. KNOWLES: Will the minister endeavour to bring the two parties together?

Mr. MITCHELL: I am not going to take my direction from any member of this House of Commons—not yet—irrespective of the party to which he may belong. After all is said and done the Department of Labour is merely the umpire. If there is any request made by the company or by the parent organization involved I shall be quite prepared to set the conciliation machinery of the Department of Labour in motion, but not on the direction of anybody in this House of Commons—not yet.

Mr. KNOWLES: But if you will do it, that is fine.

Mr. GILLIS: It seems to me that both the Minister of Labour and the hon. member for York-Sunbury have been anything but fair to the hon. member for Winnipeg North Centre.

Mr. MITCHELL: I did not intend to be other than fair.

Mr. GILLIS: Maybe not. I realize the weather is warm, pressure is great, nerves are strained.

Mr. MITCHELL: Not yet.

Mr. GILLIS: But we sat here this morning for two hours and listened to a long debate respecting the necessity for pensions for judges. The hon. member for York-Sunbury has accused the hon. member for Winnipeg North Centre of having selfish motives, and has suggested that the last named hon. member is looking for something for himself. Well, all during the discussion this morning it never entered our heads to say that the legal profession, who are so greatly interested in pensions for judges, were thinking of themselves. It never entered our heads, when the hon. member gets up to present his case, to take that stand. We take it for granted that he is honestly interested in the subject matter of his discussion.

I shall not prolong the discussion in which the hon. member for Winnipeg North Centre took part. It has been hanging fire since 1919. There is no doubt that the hon. member for York-Sunbury, who was at one time a cabinet minister, had that matter presented to him both in council and out of council, and on all occasions on which it could be presented.

Mr. HANSON (York-Sunbury): I deny that, and I deny the implication. If it had come to my attention it would have been given every consideration. But as a private member of parliament I have had occasion to take this matter up—and I am not thanking the hon. member for Cape Breton South for the lecture he is giving me. I am quite prepared to take what is coming to me, but I want nothing from him.

Mr. GILLIS: I have no intention of lecturing the hon. member.

Mr. HANSON (York-Sunbury): What does he call it, then?

Mr. GILLIS: I do say, however, that he who throws lefthanded swipes around the house should be prepared to take them back.

Mr. HANSON (York-Sunbury): I will take what comes to me.

Mr. GILLIS: I had risen to speak about labour relations, and I shall be as explicit as possible. My chief quarrel at the moment is with the national war labour board, which has to do with the administration of order in council P.C. 9384. I am disappointed with the machinery therein set up.

Mr. MITCHELL: What my hon. friend is saying does not come under this item.

Mr. GILLIS: I am speaking about labour administration.

Mr. MITCHELL: No; the administration of labour relations comes under the war appropriation estimates.

Mr. GILLIS: My conception of the Department of Labour is that it administers everything in the field of labour relations.

Mr. HANSON (York-Sunbury): We can discuss anything under it.

Mr. GILLIS: That board has to do particularly with administration in connection with wage orders. For example, if a dispute occurs between a union and the board, that matter then comes back to the Department of Labour, to the minister and his conciliation officers, so that it may be ironed out. As I started out to say, I am disappointed with the machinery set up. As I see it, in the field of wage control, and the enforcement of decisions by conciliation boards, under the present administration we are practically back where we

started in 1940. I think no progress has been made. There are so many of these boards to-day that one is almost boarded in. I am safe in saying that the average member of the House of Commons, who does not make it his business to keep track of all these boards, has very little realization as to just what the machinery is.

Under order in council P.C. 1003 a court of industrial relations is set up—or at least it is supposed to be a court. They have delegated much of their authority, by agreement, of course, to the different provinces. I believe Nova Scotia, British Columbia, Manitoba and Ontario have agreements whereby the provisions of P.C. 1003 are within the control of the provincial boards, and the provincial departments of labour are given authority to administer that particular order. This has to do only with union certification.

That is not so bad, but the board that administers order in council P.C. 9384, which is the wage order, is the one with which I am quarrelling at the present time. I said a moment ago that we are just about where we were in 1941, and I make that statement because of a specific case in my own province at the present time.

Mr. HANSON (York-Sunbury): Is that the board presided over by Mr. Justice Archibald?

Mr. GILLIS: Yes. I refer to the situation at the Halifax shipyards. In those shipyards we are reaching exactly the same situation we had in Kirkland Lake in 1941. For the past two years the union in those shipyards has endeavoured in every possible way to negotiate a contract carrying with it a maintenance of the membership clause. About two years ago I had the privilege of sitting in and talking the matter over with some of the representatives of the Canadian Congress of Labour who were in Hailfax at that time. I thought the matter was settled, and that it was just a matter of negotiation for a week or two. I was under the impression that the contract would have been signed, the union recognized, and any difficulty in the future wiped out of the way. Within the last week however it has been brought to the attention of the house, both by telegram and through the medium of the press, that the Halifax shipyards are still fighting for that maintenance of membership, and the right to check off for union dues. Three yards are affected, and they are in exactly the same position that they were in two years ago.

Serious repercussions can develop from this situation. The yards at Halifax are important yards, for many reasons. There was a threatened strike there this morning—or a strike vote was to be taken. As was mentioned by the Minister of Labour at noon to-day, one of his conciliation officers is in there. But what concerns me is that I do not think this conciliation officer is going to be able to do much. If it could have been cured by conciliation, the matter would not be in the position it is in to-day. A conciliation board sat in this matter. That board, appointed by the government, recommended union recognition and the maintenance of the membership clause in the agreement. That matter is in the hands of the Department of Labour, and the department has the recommendation of its own board. The company takes the position that it is not going to grant that concession. Worse than that, only last week Mr. Nelson, the manager of the company, called a public meeting and addressed his employees for the purpose of telling them he had no intention of granting the concession which had already been granted by the conciliation board appointed under the terms of the order in council.

What now concerns me is that we are heading for the post-war period. If we are correctly informed, it looks as if at any time we might expect a cessation of hostilities so far as the European war is concerned. This will mean that a large percentage of our boys and girls will be returned to Canada. They will have to have jobs. If the employers of Canada are concerned only about themselves after three or four years of war; if they are allowed to flaunt the department's instructions and throw them to one side, then I do not look forward with any optimism to the post-war period. There must be more cooperation shown by those who operate industry.

The shipyards are an important part of the economic set-up of Nova Scotia. There has been trouble in the shipyards right across Canada, from Vancouver to Nova Scotia. Unless we are prepared to enforce the laws we lay down, there is not much use in putting them on the statute book. I do not care who likes that or who does not like it. We have gone along for twenty years in this country pleading on our knees with the employers. I think since the outbreak of the war the federal government have been extremely fair to the employers; they have been patient and long-suffering. A great deal of injury has been done the present government because of the failure on the part of industrialists generally to appreciate what the government has been doing for them.

I hear some of my hon. friends across the way muttering. They ask, "Would the C.C.F. enforce those laws?" Yes, the C.C.F. would

pass laws in the interests of the Canadian people and they would enforce them. If the situation were reversed, if the employees in Halifax were taking the position now being taken by the employer, what would happen? We know what would happen. We know what happened in Kirkland Lake when they exercised their rights. Mitchell Hepburn organized his gestapo and sent his hussars in there and used force against the workers of Ontario. The greatest weapon the employer can hold over the head of the employees is the economic weapon.

An hon. MEMBER: What happened?

Mr. GILLIS: What would you call a man on horseback, with a gun in his hip pocket and a club in his hand? If that is not using force, then I do not know what force is. I have been through a lot of it. I have seen the cavalry, the infantry, the artillery, the horse-guards and everything else they could put in under similar circumstances.

Mr. HANSON (York-Sunbury): When?

Mr. GILLIS: In Nova Scotia.

Mr. HANSON: When?

Mr. GILLIS: On four occasions, in 1922, 1923 and 1925. They barbed-wired that province. It is not a new thing to me. I know it is pressure. It is economic pressure; it is intimidation. That is the club they hold over the worker at all times. We have been told there must be a new heaven and a new earth, that we must win the peace, that our boys and girls must be guaranteed employment. If this is to be the attitude of private enterprise after four years of government, if the authority of the government is not recognized, then I am a little sceptical about the kind of set-up we are going to have in the aftermath of the war.

The Halifax shipyards should not be in the position in which they are to-day. Three thousand workers are threatening to walk out from essential jobs because the employer refuses them the right that is granted to others, the maintenance of their organization and the right to the check-off. That is the only issue in dispute. It is not a question of wages, it is a question of maintaining their organization.

I am in hopes that the conciliation officer will be able to come to some understanding with the shipyards in Halifax. A board sat on this question, weighed all the evidence and made a recommendation. If there is not sufficient weight in that recommendation to cause this company to be reasonable and fair with their employees, then I do not see how Mr. Pettigrove is going to fare any differently in a general discussion.

There is general dissatisfaction in Ontario with the functioning of the board. I am not going to go into this at any great length. I have a memorandum in my hand and I have no doubt the minister has received a copy from the United Automobile Workers of America setting out three or four experiences that they had with the board. One point of dissatisfaction is that they consider they are not being fairly treated by the man who is supposed to represent labour on that war labour board. This particular letter gives specific grievances and I have no hesitation in giving it to the minister. It is dated July 12, and one paragraph reads:

> As far as the U.A.W. is concerned we are prepared to launch a public campaign in the newspapers on the policy of the government under P.C. 9384 and also the unbearable and the dictatorial attitude of the personnel of the board. When the General Motors boys were turned down they requested an interview with Mr. Bell and were told by Mr. Bell that he had no responsibility to the organized workers of Canada to inform them as to why the board had turned down the request of the union. While these board members may be required to take an oath, nevertheless this oath should not restrain them from giving workers, whom they represent, information as to the reasons for being turned down when such representatives must inform their respective memberships of such reasons. If they are not allowed to do it unofficially, then it should come as an official pronouncement by the board as to reasons why refusal to grant certain concessions are made.

I am in accord with that, and I think the minister will be also. A union official is placed at great disadvantage when this occurs. I think it can be said that since the outbreak of the war the organized workers of Canada have done a great job under great difficulties in keeping plants operating when grievances have arisen. The workers prepare their case and state their reasons why they think there should be adjustments. Their officials appear before the board, which considers the case and passes on the evidence. All they get back is a short note to the effect that the case has been dismissed. They are obliged to go back and discuss the matter with their membership and they are placed at a great disadvantage. I think one thing the minister could do is to see to it that when the board makes a decision in the matter of wages on a presentation by any labour organization, the reasons for the decision should be set out.

Mr. HANSON (York-Sunbury): Is the decision given after a full hearing at which both parties are present?

Mr. GILLIS: That is right.

Mr. HANSON (York-Sunbury): Are briefs filed?

Mr. GILLIS: That is right. Briefs are filed by the union, and they have another complaint in this connection. When they prepare a brief for presentation to the war labour board, either provincial or national, they are notified that they must submit a copy to the employer concerned. On the other hand, the employees never see a copy of the employer's brief until they come before the board, national or regional.

Mr. HANSON (York-Sunbury): Why not?

Mr. GILLIS: That is the question. The employees have to submit a copy of their brief to the employers, and the employers should be obliged to do the same thing in order that the union may have an opportunity of studying the position that is taken by the employer, if and when they meet the board.

Mr. HOMUTH: Is that a provision of the regulations, that the union has to submit a copy of its brief to the employer, but the employer has not to submit a copy of his brief to the employees?

Mr. GILLIS: I do not think there is a regulation, but it is a matter of practice.

Mr. MITCHELL: If I may interject, it cuts both ways. If the employees make an application, a copy of their application is sent to the employer. If the application is made by the employer, he of course sends a copy of his brief to the representatives of the employees.

Mr. HANSON (York-Sunbury): I am not sure that I quite understand it yet.

Mr. GILLIS: The U.A.W. and the United Steelworkers have made a lot of presentations, and they claim that while they must file a copy of their brief with the employer—

Mr. HANSON (York-Sunbury): When they make the application?

Mr. GILLIS: Yes, but that they never see a copy of the employer's brief until they come before the board.

Mr. HANSON (York-Sunbury): The minister has suggested that if the employer makes the application, the unions get a copy of the employer's brief which they can answer.

Mr. GILLIS: That is probably right.

Mr. HANSON (York-Sunbury): I am just trying to find out what the procedure is.

Mr. GILLIS: Most of the cases coming before the board to-day are joint applications on behalf of the employer and the employee. But in the case of the Halifax shipyards dispute, and in the case of a few tough employers who hold that no one has the right to talk to them about wages, the employers do not do anything that they are not compelled to do, and both the U.A.W. and the United Steelworkers—and they are both large organizations—make the complaint that they are not granted the same right as the employer to see a copy of his brief.

Mr. HANSON (York-Sunbury): The minister suggests that they have. I just want to understand the procedure.

Mr. GILLIS: My information is that the employees are not granted that same right. At least that is one of the complaints contained in this memorandum.

I do not want to labour this matter. I merely bring to the minister's attention the fact that I think there could be considerable improvement in the administration of order in council P.C. 9384, and secondly I believe there is a lot of overlapping and a lot of duplication of work between the provincial boards and the national boards. I think there should be a general overhauling of the machinery to find out exactly where we fit in the matter of jurisdiction.

That is another matter on which I could cite case after case that causes friction between the regional and national boards in Ontario. I do not suppose it is so bad in British Columbia; in Nova Scotia our problem in the field of labour relations is pretty well solved, as we have well-defined machinery; we strike a snag once in a while like this Halifax shipyards dispute. But in Ontario labour is still organizing and it has a terrific job to do. They are at one and the same time carrying on this organizational work and administering the affairs of the unions that are set up. There is a lot of duplication with respect to the boards functioning in Ontario. That is the complaint that I have. I am going to give the minister a copy of this memorandum because it contains specific suggestions to cure some of the disabilities in the administration of order in council P.C. 9384.

Mr. MITCHELL: I will try to answer some of my hon. friend's questions, although perhaps not consecutively because he has covered a lot of territory in a short time.

There are two national organizations, the war labour board and the national labour relations board. The complaint of my hon. friend was not against the war labour board, presided over by Mr. Justice Archibald, but against the wartime labour relations board,

which deals with such questions as union recognition and conditions of employment, which have no bearing on the cost of the article which comes out of the factory.

Mr. HANSON (York-Sunbury): Is that the O'Connor board?

Mr. MITCHELL: Yes. It is the same system that they have in the United States, where they have one board to deal with one thing and another board to deal with another.

My hon. friend spoke of the provincial boards. We have in the provinces what we call regional boards. We think that the people of the locality concerned know their own problems better than we can possibly know them in Ottawa. I am a great believer in decentralization. I do not think we can carry on in any other way. Last year, for instance, the national war labour board and regional boards on wage cases, dealt with 43,000 applications, and eighty per cent of the applications were made by the employers. I hold no brief for the employers, of course.

The labour relations legislation is a comparatively new thing. It was brought into being after hearings by the national war labour board. First we drew up a rough draft and invited the provinces to discuss it with us because, under the British North America Act, they have jurisdiction in these matters in peace time, which we all hope to see again, and when that day comes I assume that the provinces will wish again to exercise that jurisdiction. We met with the nine provinces, discussed this rough draft, decided on certain fundamentals, and then drafted another document as a result of our deliberations. That document we sent to all the provinces, to employers' organizations, and to employee organizations. We thought we had done a pretty good job on this document. Later we received suggestions of 170 amendments which were proposed to be made to the document. I think some credit is due to us that eventually we fashioned an instrument that received the endorsation of both employee and employer organizations in this country and the endorsation of all the provinces. I only wish that we could have as much agreement on other questions concerning this dominion as we had on this question concerning labour relations. But as I have said before in this house, when you draft a document, even though it may be agreed upon by all the parties concerned, it is something like composing a symphony. It looks all right on paper, but you do not know what it will sound like when it comes out of the instruments.

By law, employers are compelled to recognize bona fide trade unions. The question raised in the Halifax shipyards dispute does not come under the national war labour board, but under the wartime labour relations board, because it deals with conditions of work and the certification of trade unions. They have had an agreement in the Halifax shipyards since 1941. They had one in 1942, and again in 1943, and they would have had an agreement now except that the employer will not agree to the check-off and to what you might call the closed or union shop.

In the drafting of this legislation respecting labour relations, suggestions were made—the U. A. W. was one party that suggested it—that the reports of boards of conciliation should be binding on both parties, but that was one of the few organizations that agreed to that principle. The Trades and Labour Congress of Canada, the Canadian Congress of Labour and the employers' organizations were opposed to that principle.

Mr. HANSON (York-Sunbury): The principle of compulsion?

Mr. MITCHELL: Yes. The opinion has been expressed by the President of the United States that the closed shop should not be permitted in time of war. That is a matter of opinion. My hon. friend might have one view, the hon. member for York-Sunbury another and the hon. member for Winnipeg North Centre a still different opinion.

Mr. GILLIS: The issue at Halifax shipyards is not the closed shop.

Mr. MITCHELL: It is a check-off and a form of closed shop. I am using that language because it is the language generally understood by trade unionists and other people in this country. That is the only issue in dispute. It it not a question of wages nor of seniority or working conditions. The only question in dispute is the closed shop and the check-off. That is streets apart from the Kirkland Lake situation. I sat as chairman of the commission on the dispute there, and I felt that if we could have used a little more patience we could eventually have got an agreement in Kirkland Lake. There is absolutely no comparison between the conditions arising out of the Kirkland Lake dispute and this particular dispute in the Halifax shipyards.

I think I have covered just about all the points raised.

Mr. HOMUTH: May I ask the minister a question?

Mr. MITCHELL: Any question.

Mr. HOMUTH: In regard to the brief presented by the workers in the Halifax shipyards, were there only two points in dispute, or were there other points upon which they had agreed?

Mr. MITCHELL: They reached agreement on all points except those two, according to my information; there remain just the closed shop and the check-off. As long as men are men and women are women there will always be industrial disputes.

Mr. HOMUTH: And home disputes too.

Mr. MITCHELL: But I think this might be truthfully said, that we have advanced the span of a generation in the last three years in the matter of labour relations in this dominion. We have at least established basic national principles as regards the conduct of employers and employees, as regards the right to join a union, for instance. We have probably gone farther than any other country in the united nations. There is only one country in which this principle is in vogue, and that is New Zealand, where by law you have to join a trade union. That is not done in Great Britain or the United States or Canada. Many people would have grave fears for our national life if such a step were taken. However, that is a matter of opinion. I am hopeful that the leadership given by this government will be maintained in this regard when the war is over. Whether we like it or not, the impact of the conclusion of the war is going to make it necessary that employers and employees sit down together and in a rational way work out their difficulties, their industrial disputes, so that this country may be able to maintain its position industrially in competition with other countries—that competition will come, whether we like it or not—and so that the tremendous industrial structure we have erected can be maintained after the conclusion of hostilities.

I think I have covered all the points my hon. friend has raised. If not I am sorry.

Mr. GILLIS: There is just one thing I want to say. When the minister insists that a check-off for union dues—or "maintenance of membership" is how they have it written in their contracts—can be interpreted as a closed shop, it is misleading.

Mr. MITCHELL: I said, a form of closed shop.

Mr. GILLIS: The general public get the impression that if the workers in the Halifax shipyards are granted that maintenance of membership clause in their agreement it means that every man who seeks employment in the shipyards will be compelled to join the union. That is not true.

[Mr. Mitchell.]

Mr. HANSON (York-Sunbury): I do not think the minister went that far.

Mr. GILLIS: That is what a closed shop implies. The system they are looking for in the Halifax shipyards has been in vogue for at least the last thirty years among the mine workers of Nova Scotia.

Mr. MITCHELL: That is the check-off?

Mr. GILLIS: Yes, and it is at present operating in the steel workers union right across Nova Scotia. In years gone by the mine workers and steel workers foolishly fought it; to-day they would not change back. In the United States, I believe in practically every trades union organization which functions, they have exactly the arrangement which the Halifax ship workers are looking for at the present time. It does not constitute a closed shop. I believe the only closed shop in Canada —and I do not think those concerned would want to get away from it—is Tip Top Tailors' set-up, where before you become an employee of the company you go to the union officials. Their arrangements in that organization are very harmonious. I do not suppose there is a set-up in Canada which works more closely together and where the employees think as much of the employers. But certainly that is not what the workers in the Halifax shipyards are looking for. Under the closed shop, for which the miners of the United States fought for years, though I do not believe they ever reached that objective, I understand it is compulsory to join the union before you are employed. As it exists to-day in the arrangement the Halifax shipyards are looking for, after you are in employment—

Mr. MITCHELL: After you have been working for thirty days you join.

Mr. GILLIS: If you want to. There is no compulsion about it. I know that in Nova Scotia as late as 1937 there were men employed in the mines who were not paying dues to the United Mine Workers. Your union officials will discuss the matter with you from time to time, but there is no compulsion; it is entirely up to yourself. I know from personal experience that is one of the greatest assets that an employer can have in establishing harmonious relations with his employees. There is not any compulsion attached to this particular arrangement which the Halifax shipyards are looking for.

Mr. HANSON (York-Sunbury): Are there any miners working in the larger mines of Nova Scotia who are not members of the United Mine Workers?

Mr. GILLIS: Yes Within the last few months I saw an article in one of the Nova

Scotia newspapers indicating that one of the union locals in the Sydney mines area were endeavouring to make their membership in that area one hundred per cent. That would indicate that there are some men who were not paying dues to the union. There would not be many, but there would be some. In most of the collieries they are organized one hundred per cent.

Mr. McIVOR: I was going to ask the hon. member for Cape Breton South a question just before he ended his speech. We can judge things only by what we see and what we know. It may be that they are different in Cape Breton from what they are in Fort William, but I have had some surprises as I study labour and try to find out the calibre of the labour boards which are helping the minister to administer his department. The first surprise I had was that the majority of the men with whom I talked had a union card in their pocket. I remember a time in this house when we wanted the best brains of Canada to run this government, and I think we got them, and some of the best brains of Canada have come from the labour unions, and these men have been helping the minister to manage the department; and while I am biased in favour of labour I think everyone will agree that they have done a mighty fine job. I can remember the Kirkland Lake situation very well, and I did not like it. I had some criticism. Somebody told me that there were six hundred men at Kirkland Lake who had not taken out their citizenship papers. I said, "That may be true although those people have their rights too. If a man in this great country has not enough 'sand' in him to spend his five dollars to go and take his examination and become a citizen of this country, I think he has got to take some bumps." The minister has had to stand a good deal of criticism because of what happened at Kirkland Lake, but he has weathered the storms splendidly.

I am not concerned about Cape Breton or Kirkland Lake, but I am concerned about Fort William. It appeared as though when a man dismissed at Fort William for union activities was out he would remain out, but that was not so. Why? Because his union members stood behind him and because the member for Fort William stood for fair play. I went to the Minister of Labour and told him, "Unless this is settled there will be a strike, and I shall help to lead it." Then what happened? There was a change in the management of that live concern, the Canada Car and Foundry, better known as the "car works." We saw that the man was placed back in the car works and there was no strike, thanks to the Minister of Labour and his advisers, and the Minister of Munitions and Supply.

One thing has come out of this great big boiling pot of labour criticism and labour legislation which is a credit to all Canada, and that is the labour code. I do not think the hon. member for Cape Breton South will find much fault with that labour code. Collective bargaining is in force, and with it all you have holidays with pay. This code is accepted by members in all parts of the house, or I believe so at any rate. I know I accept it willingly, and an effort is made to enforce it in many of the provinces, not only in connection with war industry but in every other kind of industry as well.

Some people have wanted to replace the minister with someone else. Whom would they suggest? He is a man who has come up from the ranks of labour. He has stemmed the storm in many labour unions and has come through and he stands now as the champion of labour. I say we ought to say to the Minister of Labour in his present capacity, "Well done, my boy; stick to your job. You are winning out."

Mr. LITTLE: May I ask the hon. member for Cape Breton South a question? When he said that policemen had walked up and down intimidating people, I did not quite catch what he said. What did he mean by the remark he made in that connection?

Mr. GILLIS: I am glad the hon. member has brought that up because I forgot to mention it before the minister made his reply. The minister claimed that there was no similarity between the Kirkland Lake dispute and this one. The similarity is that in both cases the employers refused to recognize a mandate from the conciliation board. The board, having sat, made a recommendation and the employers refused to recognize its award.

Mr. MITCHELL: The Kirkland Lake affair was more fundamental than the recognition of a union.

Mr. GILLIS: In answer to the hon. member for Timiskaming (Mr. Little), what I meant was this. At the time the miners of Kirkland Lake went on strike, they were complying with the laws of Canada as laid down by the Department of Labour. They went through all the machinery, took a strike vote, and legally they were permitted to strike. No strike is effective without a picket. That is recognized as part of the game, and while they were peacefully picketing the plants and

the mines, the mounted police, the provincial police, and special police that were organized by Hepburn were sent in.

Mr. LITTLE: What does the hon. member mean by the special police organized by Hepburn?

Mr. GILLIS: There was an organized special police force sent up from Ontario.

Mr. LITTLE: I thought the hon. member was referring to what he described some time ago as the gestapo.

Mr. GILLIS: It was an organized special police. Now, any time a government in Canada starts organizing a special police force for the purpose of taking away the rights of workers granted them by law, you have something similar to a gestapo.

Mr. LITTLE: They were not there to take away the rights of workers but to protect the workers as well as everybody else. They were there to protect the workers and other people as well. That is what they went there for.

Mr. GILLIS: The men were peacefully picketing.

Mr. LITTLE: And no one ever stopped them.

Mr. MITCHELL: The hon. member is not referring to the dominion government?

Mr. GILLIS: No, the government of Ontario. They interfered with the picketing. Their presence was not necessary and they were a source of intimidation, and I say that action of that kind on the part of any government, in this day and age, constitutes in my opinion all the rudiments of totalitarianism.

Mr. LITTLE: I saw picketers and policemen walking together up and down the street. Do you call that intimidation?

Mr. GILLIS: I am not quarreling with the policemen as individuals. Policemen must earn their living. I am quarreling however with the purpose for which they were sent there by the government of Ontario.

Mr. DIEFENBAKER: I have a question arising out of a letter I received the other day from a soldier who was overseas. This man was working in a factory in connection with which there was no union at the time he joined up for overseas service. What he wants to know is this. If during his absence the closed-shop principle has been adopted in this factory, will he be entitled to reinstatement in his position under the mandatory provisions of the statute in that regard respecting the rights of soldiers on their discharge? He was a non-union man at the time he joined up. This is a matter that is of very considerable interest, and that interest is more than academic. I would ask the minister to elucidate it.

Mr. MITCHELL: That can be done in a couple of words. No trade union agreement can take precedence over a statute. Whether that man belonged to a union or not he would be entitled to all the rights and privileges which are his under the law, and he can come back to his old job regardless of whether there is a union there or not.

Mr. HANSON (York-Sunbury): Though there might be a good deal of difficulty in enforcing his rights, that is the law.

Mr. MITCHELL: We have not had any difficulty up to now.

Item agreed to.

101. Annuities Act, $273,186.

Mr. HOMUTH: Do the agents who sell annuities work on a commission basis?

Mr. MITCHELL: The sales are made on a commission basis.

Mr. HANSON (York-Sunbury): Nearly all of them.

Mr. HOMUTH: I have had a number of complaints regarding agents who go out to sell annuities, particularly to women. I do not say that they deliberately misrepresent the facts, but they do misrepresent the annuities to the people to whom they sell them, because these people are given to understand that this money is always available. The result is that on several occasions we have written to the department asking whether some payment cannot be made, whether this money cannot be got back, and the reply is no, that when they reach a certain age the money is available. I think that the agents who sell annuities throughout the country should be told very distinctly that they must explain the whole situation more clearly than they do, because if sales are made on a commission basis it is only too clear that the more annuities they sell the more money they will make.

There are other cases that arise. I know of two or three. I took up one in particular with the department but nothing could be done. I know of cases that other members have taken up with the department. I know of a woman who paid in for many years, or she might have paid in a lump sum, but she had not yet reached the year at which she would start to collect her annuity. She developed cancer. Other cases may develop some other

disease which would perhaps in the course of a short time carry them away. They need the money. So long as they were healthy they could work and make a living, but here they were with a disease which in the course of two or three years is going to end their lives and they have no means of livelihood. There is no cash surrender value of the annuity. They cannot get it until such time as they start to collect on it or death intervenes. The result is that these people suffer severely. I do feel that our annuities act should be so changed that in special circumstances money is made available to those annuitants who may need it because of illness or something unusual arises.

Mr. MARSHALL: The whole question of annuities was under review by a committee of this House of Commons not very long ago. I do not know whether that precludes me from making any remarks with respect to it, but it is not my intention to go into the matter as fully as I should like to. However, I ask the minister if the officials of his department have read the discussion which took place with the auditor general, and is it the intention of the minister to review this discussion and bring about a better operation of the act The amount asked for in item 101 is $273,186. This amount is made up substantially of commissions to agents. According to the last auditor general's report, $157,500 were paid to those agents. One agent received $6,358, another $6,032 and another one $5,047. Those were the agents receiving over $5,000. Let me say that I do not object to the government engaging in this type of work. I think they should. But the point that I wish to emphasize is that in my opinion these costs should be included in the cost of the annuity instead of the people of Canada being asked to underwrite them. In addition to that, I submit that the scheme is actuarially unsound, in that from year to year we are called upon to pay out of the consolidated revenue fund a sum which has never fallen below a quarter of a million dollars in the last ten or fifteen years. On one occasion, in 1937-38, it was necessary to transfer from the consolidated revenue fund to the Government Annuities Act a sum totalling almost $9,000,000.

I am not going to discuss the matter any farther, because I felt that the public accounts committee would bring in some sort of recommendation to the minister with respect to the operations of the annuities act in the future. But it is evident to me that we shall not be able to complete our work this session, and in consequence we shall not have an opportunity of bringing in any recommendations. Is this question under review by the department at the present time? What amount of money will have to be transferred from the consolidated revenue fund in the year which has just closed in order to keep the fund solvent?

Mr. MITCHELL: I should like to dispose of the questions asked by the hon. member for Waterloo South while they are fresh in my mind. With reference to the attitude of the agents in the annuities branch, we have had, in the last two years to my knowledge, no letters of any description of the tenor indicated by my hon. friend. With reference to the surrender value of the policy, they can take up at any time the annuity that they have paid in.

Mr. HANSON (York-Sunbury): The amount of the annuity.

Mr. MITCHELL: They can take up the annuity, the actual annuity.

Mr. HANSON (York-Sunbury): They cannot get their capital.

Mr. MITCHELL: They cannot get their capital back; that is quite true.

The hon. member for Camrose raised the question of commissions. The commissions that are possible to agents selling annuities are one-third of those of the average straight line insurance company. The commission is one per cent of the amount with a maximum of $50 on any policy. In the past there have been arguments back and forth on the actuarial basis of this branch of the Department of Labour. It has carried on on a four per cent basis. My hon. friend has argued that it should be lower than that. That is a matter of opinion between my hon. friend and those who have probably made a deeper study of this than I. When those annuities were instituted years ago their purpose was to encourage thrift. In those days we had no Old Age Pensions Act and none of the social legislation we have to-day. It is estimated that the approximate amount necessary this year will be $50,000.

Mr. MARSHALL: I am not objecting to paying the agents their commissions, but I submit that the amount which is paid and the expenses in connection with the operation should be charged into the cost of the annuity instead of the people of the dominion being asked to shoulder them. It is past the stage now when it may be looked upon as a substitute for old age pensions. These annuities are being purchased by individuals who can well afford to pay for the cost of them; therefore I submit that the cost should be included in the cost of the annuity from year to year.

Mr. KNOWLES: The last time I was on my feet the minister and I were crossing swords. This time I wish to speak in support of this phase of the work of his department. With respect to some of the comments that have just been made I wish to say that I feel that this type of legislation is particularly desirable and that it has an important part to play even in the future when we may have other more extensive forms of social security legislation. It is a good idea to encourage people to provide for their old age, and even to encourage them to provide a little more than the social security laws of the land may make available to them. To that extent it seems to me it is a socially sound principle—whether it is actuarially sound or not—to include an element of subsidy in the making of these annuities.

I would emphasize the fact, in reference to the last statement made by the hon. member who preceded me in this debate, that there is a maximum amount of annuity that any person can purchase under this provision. That maximum is $1,200 a year. In other words, it is not a scheme which makes it possible for the well-to-do people to provide themselves with large annuities in their advanced years, on the basis of a government subsidy.

I consider the scheme a most desirable one, and I have only two comments to make. The first is this: I wish the government would advertise it a little more. The advertising it is putting out is very good, but—

Mr. MITCHELL: Is the hon. member referring to advertising in a restricted sense?

Mr. KNOWLES: My point is that the government is not advertising annuities properly.

Mr. MITCHELL: Yes.

Mr. KNOWLES: Of course it does the other kind of advertising, all the time. I have no doubt the minister has seen the little booklet I now hold in my hand, one which is circulated by the annuities branch of his department. The booklet is a most attractive one and, by the way, answers many of the arguments in connection with social ownership of financial institutions. Even so, the number of people in Canada who have heard of Canadian government annuities is very limited. I am wondering why so little publicity is given this desirable scheme. I should hope the government would consider it appropriate to let the people of Canada know a little more about Canadian government annuities, which, as this booklet says, are backed by the whole resources of the dominion.

[Mr. Marshall.]

The other matter to which I would direct the minister's attention has to do with the salaries paid in the annuities branch. As other hon. members have pointed out, it is true that some of those who are selling annuities on commission do not do badly. But employees working in the branch fare quite differently.

We are now discussing vote No. 101, and we find the break-down at page 94 of the estimates. I might point out that earlier this year, because of my interest in this whole subject, I did some browsing around in the estimates, and when doing so I was amazed at the small salaries paid some people who are doing very responsible work. Accordingly, I placed some questions on the order paper, and in reply some interesting information was brought down.

I would remind the committee of just one of those answers, as it appears at pages 1048 and 1049 of *Hansard*. In that answer I was told that the duties of a certain employee in the branch were as follows:

> The making of actuarial calculations, involving the costs of both past and future service and interviewing employers relative to proposed retirement annuity plans for employees; the annual vacations of retirement plans in force; actuarial calculations concerning withdrawals, deaths and retirements under group contracts and the issuing of individual contracts in connection therewith; correspondence on all matters affecting retirement annuity plans, office work and routine in connection with the foregoing.

Those were the duties of one employee in the branch. At the same time I was given his qualifications. They were these:

> (1) Graduation from Dalhousie university (B.A.) in mathematics and economics, (2) Passed three examinations of Actuarial Society of America, (3) Passed civil service grade 4 examination for university graduates, (4) First on eligible list, civil service competition for actuarial assistants 1943, (5) Five years' experience in annuities branch.

Mr. HOMUTH: He ought to be Prime Minister.

Mr. KNOWLES: What about the salary of this individual, who has these heavy responsibilities, and who has such high qualifications? He received $1,440 per year, plus a war duty supplement of $120 a year, plus a cost of living bonus of $221.94 a year. I was amazed that a man of his qualifications and having his responsibility would receive such a low income for the kind of work he is doing.

I took the matter up with the minister, not only as it applied to this individual, but with respect to other employees and as a matter of general policy in the department. In correspondence he explained to me the difficulty he has with the civil service commission and the treasury board—these are

friends of ours we run into all the time. However, despite the difficulty indicated in the correspondence, in due course he was able to do something. Order in council P.C. 31/2595 was passed under date of April 12, 1944, increasing the war duties supplement of this employee, so that his salary plus his war duties supplement now give him a total of $1,800 a year. We are always grateful for small mercies, and I am glad that the minister recognized the justice of my claim to the effect that this man should have been receiving higher pay. I submit, however, that his salary is still not in keeping with the responsibilities of the work carried on in the annuities branch.

On another occasion, in reply to some questions I placed on the order paper, an interesting return was tabled. This is dated March 21, 1944, and is identified as sessional paper 233. It sets out statistics as to the number of plans issued by the annuities branch in the last number of years. While it does not give the figures in respect of individual contracts taken out with the branch, it does give the number of plans set up by the branch, either for governmental bodies or for private corporations. I think members of the committee and the country generally should know about this service rendered by the annuities branch. Not only will it sell very desirable contracts to individuals, but it sets up these retirement plans, into which employees and employers may contribute, along with the assistance provided by the government, so as to make possible pensions for employees when they reach retirement age.

I was interested in the increase in this phase of the work carried on by the branch. In the fiscal year ending in 1938 the total number of new plans issued was six. In each of the succeeding years the number increased, until the year ending in 1943 we find that forty-seven new plans were issued. I emphasize this increase—from six in 1938 to forty-seven in 1943. The figure I have given is for the year ending March 31, 1943, and I find that for the remaining nine months of that year fifty-six plans were issued.

This return to which I have called the attention of the committee also gives the dollar value of these plans, and shows that a real service is being rendered by the branch not only directly to individuals, but to private corporations and employers throughout the country. It is partly because this kind of service is being rendered to corporations that it seems to me most unfair that the work done in connection with these plans should be paid for at the low rates I have indicated. I hope that the minister will give some consideration to the two constructive suggestions I have offered. I am in full support of this work, but I feel that the activities of the annuities branch should be publicized much more than they are. I feel also that the employees of that branch should be paid in accordance with the work they are doing.

Item agreed to.

102. Combines Investigation Act, $28,380.

Mr. DIEFENBAKER: Could the minister give some information as to the work the commissioner is doing under the Combines Investigation Act; what work was done during the past year, and what work is being proceeded with now?

Mr. MITCHELL: There have been no prosecutions because the wartime prices and trade board regulations provide for any activities in this connection. The commissioner of the Combines Investigation Act is now with the wartime prices and trade board and he is keeping a close watch over the development of combinations in this country, if that is possible under the strict regulations in effect. He is also keeping a close eye upon the possible development of cartels and combines in the post-war period.

As my hon. friend knows, an investigation is being carried on at the present time by the United States government into the whole question of combines and cartels. I am given to understand that there is some difference of opinion among the governments of the united nations with respect to the question of international cartels. The situation is being closely watched by my department at the present time. We have a committee at work and investigation is being carried on in the light of possible conditions in the post-war period.

I think this can be said in connection with international cartels. It is my own view that the attitude of the larger powers will be of greater effect with respect to the maintenance of cartels after this war. I say again that the combines investigation branch of the Department of Labour is keeping the question under continuous survey at the present time.

Mr. DIEFENBAKER: Possibly the minister could give us some information with respect to the post-war policy that the commissioner or the department is carrying on. I know of what is being done in the United States, and I know something of what is being brought forth by the committee investigating the matter of international cartels and monopolies. I think we are entitled to more information than the minister has given us. He has simply made the general statement that every consideration is being given the matter by his department, cooperating with bodies in other united nations with regard to this very important matter.

I should like to know the nature of the investigations being carried on with regard to the post-war period by the Department of Labour. Further, I think we should be informed as to the nature of the disagreement among the united nations on the question of international cartels. While I am sure the minister will not be able to go into full detail in that regard, perhaps he would be prepared to inform us what Canada's attitude is, what the attitude of the Department of Labour is with regard to this problem.

The minister has stated that the commissioner is assigned to the wartime prices and trade board and that there is not very much for him to look after because of the wartime controls that are in existence. I am going to ask him a question to which I think he should give a very careful answer. Throughout the country from time to time statements are made on platforms with respect to the large percentages of profit being allowed to various monopolies in the production of war-time goods and in the filling of war-time needs. We frequently hear it said that tremendous profits are being made. I am not one who makes those assertions, but I think information should be forthcoming with regard to this matter. If these allegations are true, the country should know; if they are not, then that fact should be made plain. Possibly the minister could answer this question by stating to what extent control or limitation has been placed upon the rate of profit that is available to or can be made by companies supplying war needs.

Mr. MITCHELL: The Department of Labour covers a lot of territory but it does not cover finance and national revenue. My opinion is that the government and the people of Canada—I am speaking of them jointly and collectively—deserve a great deal of credit for the conduct of this war on the industrial and commercial fronts. While I was not in Canada during the last war—I was at the war—I have a vivid recollection of the talk about profiteers.

I think it can be said truthfully that if anyone gets under the barrier of the income tax laws of this country, he is doing pretty good. I can speak personally about this matter. Not that I have attempted to get under that barrier, but I know what the Minister of Finance takes off me, to my own sorrow sometimes. I do not object, but that is what happens. I know it is sometimes felt that if you hammer the daylights out of the big fellow you are not taking any chances politically. It is sometimes thought that the easiest thing to do is to hammer the banks. I do not hold any brief for the banks or for any other large organization. I am opposed to combines and I think they should be regulated; I am opposed to international cartels and always have been, but at the same time I think there is a great deal of loose talk going on with respect to the profits being made by those engaged in the production of necessary war materials for the successful prosecution of the war. That is my own opinion.

My hon. friend will have to ask the Minister of Finance or the Minister of National Revenue about the profits being made, because it is their departments that administer the income tax laws of this country. If he wants information about depreciation being allowed, I believe that would come under the jurisdiction of the Minister of Munitions and Supply.

In order to give my own viewpoint as to the direction in which we are moving in connection with the investigation of combines in this country, I think I had better quote a letter which I wrote to Mr. McGregor, commissioner of the Combines Investigation Act, on May 22 of this year. It reads:

> Problems relating to international trade combinations such as international cartels and international patent arrangements have assumed great significance because of the possible effect of such arrangements on employment and domestic and foreign trade. Already international discussions on the expert level have brought forward proposals on which we are not as yet in a position to give an informed judgment.
>
> No comprehensive study has been made in Canada of the various aspects of the problems involved and no steps have been taken to assemble information which will be necessary before sound conclusions can be reached. Questions in regard to international trade combinations are continually being raised and no time should be lost in gathering adequate information as to the character and activities of international trade combinations and in considering possible measures of control.
>
> As there is no legislation in Canada which applies to international cartels as such it is highly desirable that study be given in advance to existing Canadian legislation in regard to trade combinations in their general aspects and to what further measures might be adopted to deal specifically with international trade combinations.
>
> Preliminary discussions on the relationship of cartel problems to other post-war economic problems have already taken place with officers of the Department of External Affairs, members of the advisory committee on economic policy and others. Dr. W. C. Clark and Dr. W. A. Mackintosh, chairman and vice-chairman of the advisory committee, have recommended that the necessary inquiries should be made without delay. I think they should be made under the general direction of yourself as commissioner of the combines investigation in consultation with Dr. Mackintosh and Mr. J. J. Deutsch of the Department of External Affairs with such assistance as may be found necessary. In

this connection I approve the suggestion that Mr. J. C. McRuer, K.C., of Toronto and Professor V. W. Bladen of the university of Toronto should be retained. I am writing to Mr. St. Laurent to-day to ask if he will make Mr. McRuer's services available. With these arrangements I hope it will be possible to proceed with the work with as little delay as possible.

What is here suggested is a study rather than a public inquiry. Its objective should be to secure basic information on which suitable government policy might later be based and in this respect would be in contrast to specific investigations to secure evidence of alleged offences. At various stages in the course of the inquiry it would be desirable to discuss with members of the economic advisory committee the information obtained and recommendations suggested. In general I suggest that the study might proceed along the following lines.

Study the nature and operations of international trade combinations in relation to Canadian interests and the measures which exist for their control. Such a study would include international patent arrangements. The committee should endeavour to find out to what extent policies followed by such trade combinations have affected employment or the operations of business enterprises in Canada or may affect them in the future. Attention should also be given to the effects of such arrangements on Canadian import and export trade and possible effects in the post-war period.

Study the extent to which activities of such international trade combinations are affected by existing Canadian legislation and what further measures may be necessary to safeguard the public interest. In this phase of the study consideration should be given to the possibilities of international collaboration in the control of cartels.

Study the relationships that may exist between international and domestic trade combinations, and make recommendations of necessary changes in existing legislation affecting combinations of either type.

The letter is signed by myself.

Mr. DIEFENBAKER: Since this comprehensive power or responsiblity was conferred, have Mr. McRuer and the other gentlemen named done anything since the month of May last when this most scholarly letter was produced?

Mr. MITCHELL: I spent a lot of time on it.

Mr. DIEFENBAKER: I can well believe that. It is a most comprehensive letter and contains a great deal of hope as to what can be done. But actually what is being done following the expenditure of time and energy in the production of that letter and the giving of instructions? What are these men doing? Are any of them meeting with the committee in the United States? Has Canada a representative in Washington while the investigation is going on there?

Mr. MITCHELL: My hon. friend must appreciate the ramifications of a matter of this sort. With reference to the investigation that is going on in Washington, I know that our people are going backwards and forwards all the time, and of course we have an embassy in Washington which is charged with the responsibility of keeping us informed of day-to-day developments. It is an immense problem, and all I hope is this, that they use more expedition than we have used in this house since last January.

Mr. HANSON (York-Sunbury): That is a slap at the House of Commons.

Mr. DIEFENBAKER: International cartels and the like have been investigated for the past three years, but this government did nothing about it until it gave these instructions in May of 1944. I am trying to get a picture of what is actually being done and I seem to be having some difficulty. Is Mr. McRuer or any other counsel working on this thing? Are they to-day investigating the matters with respect to which they received these comprehensive instructions? What are they doing? Is an investigation going ahead?

Mr. MITCHELL: I thought I had answered my hon. friend's question. The investigation as directed is being carried on at the present time. I have no knowledge of any findings at the moment.

Mr. HANSON (York-Sunbury): No report has yet been made to the minister?

Mr. MITCHELL: No.

Mr. BOUCHER: Under the details for Combines Investigation Act I find that there are employed in this branch one commissioner, an assistant commissioner, one investigator, one clerk, one stenographer and one typist. If the commissioner, instead of acting as commissioner under the Combines Investigation Act, is working in the Department of Munitions and Supply, may I ask if these other officials are doing work connected with the Combines Investigation Act? The salaries of the commissioner and his assistant amount to $11,140, and the salaries of the rest of the staff amount to roughly $7,000. I would say that now in time of war, when there is great industrial activity of every kind, war expenditures, changes in management and control, changes even in the location of industries, there would seem to be a great work to be done in administering the Combines Investigation Act, having in mind the aims of parliament with regard to post-war reconstruction and rehabilitation. But the estimates would seem to indicate that the act has been almost discarded. Can the minister state anything whatsoever that is being done to justify the

expenditure of even $19,000 for salaries? What work is being done in connection with the Combines Investigation Act, and are these other officials still there?

Mr. MITCHELL: The whole staff is in the enforcement division of the wartime prices and trade board.

Mr. HANSON (York-Sunbury): That is the situation?

Mr. MITCHELL: Yes. It was made the nucleus of the enforcement division of the wartime prices and trade board. I think my hon. friend will agree that controls are to-day much more rigid than they were in peace time. Of course we assume that the enforcement branch of the wartime prices and trade board is far greater than it was under the Department of Labour, under the Combines Investigation Act.

Mr. HANSON (York-Sunbury): What the minister has just said is that the branch for the moment is dormant.

Mr. MITCHELL: That is it.

Mr. HANSON (York-Sunbury): And the officials are on loan to the wartime prices and trade board. I understand that is the situation.

Mr. MITCHELL: That is right.

Mr. HANSON (York-Sunbury): Nothing is being done by way of promoting investigations against combinations in restraint of trade. As a matter of fact, government policy, which, we shall be told, is based on war-time necessity, is to encourage control by a combination at the moment. The government is not going to investigate even in cases of combination; if I understand the situation aright, the government rather encouraged that there be a combination in connection with prices and that sort of thing.

Mr. MITCHELL: I do not know whether I should say "encouraged", but I think this might be said, that at the moment we have more or less a planned economy, under which people cannot do what they want to, they act under direction of the government. That applies to employers as well as employees. Those people who talk about a planned economy might reflect that we have almost one now.

Mr. HANSON (York-Sunbury): I think we have, too—too much so far as I am concerned.

Mr. MITCHELL: It has happened under pressure of war, and I believe it is inescapable under present day conditions where you have shortages of labour or materials or necessities of life, because it is necessary that they be rationed and apportioned, or prices set. At least that is the policy at the moment of most of the governments of the united nations. As I said before, the control is much more rigid than it was under a peace-time condition.

Mr. CASTLEDEN: I notice that under this particular item there is a decrease of $1,870 as compared with last year. In view of the fact that no report is given I think we are right in coming to the conclusion that nothing is being done about combines investigations. I should like the minister to enlarge on the procedure which is followed. How does this commission carry on its work? Does it wait for some person to draw to the attention of the commission that the lumber men across Canada, we will say, are getting together, and that these big interests are putting their funds together and forming large combinations, or that the steel boys seem to be combining their organizations? I do not know that there is anything in the machinery of the wartime prices and trade board to regulate the amalgamation of various interests across Canada.

Mr. HANSON (York-Sunbury): No; but they govern all the prices.

Mr. CASTLEDEN: With regard to, say, the various companies in Canada which are producing and selling oil to the public there seems to be some kind of agreement on prices. In the clothing industry there is apparently very little in the way of competition. I think we are moving on from the age of competition into the age of control. A number of cement companies which operate in Canada control through patents the manufacture and sale of cement. One thing in which the agricultural community is particularly interested is farm machinery. Here is a field wherein I am quite sure the farmers would welcome a commission investigating the cost of production and the arrangements which apparently exist in regard to prices. Would the minister explain exactly what the procedure is? First of all, who is it that should make the request for an investigation? If such an investigation is requested, what is the machinery for investigation? If the facts are brought out through the investigation of the commission, what is the machinery for action to be taken against any offending company? Are there any laws in Canada which prohibit such combinations? What is required in the way of proof that there is an agreement between companies if one company merely says, "Oh, well, we do not agree with this company that we are going to charge the same price, but we follow them"? Is there any machinery whereby the Canadian people or any interested body can take action against the people who actually form a combine? This is an investigating commission; its

duty, apparently, is only to investigate. Is there any machinery for prosecution? Indeed, the commission does not even investigate. But if there were an investigation and anything were proved, what is the machinery for action which would do something about remedying the situation against combines? For us to say that in Canada there is no restraint of trade with regard to various commodities and natural resources is to shut our eyes to what has happened, for example, in the aluminum industry of recent years. The evidence which is produced to commissions in the United States and other countries is pretty strong proof of what is going on. In the light of what is happening, for us to say that the wartime prices and trade board is operating and carrying on rigid control is arguable, perhaps, as regards prices, but I do not believe there is any regulation which prevents companies from getting together and forming combines and controlling prices.

Mr. MITCHELL: I do not know how long this act has been on the statute books, but it has been there for quite a while. May I remind my hon. friend who talks so much about combines that all he has to do is to join with five other people and submit a complaint to the commission.

Mr. HANSON (York-Sunbury): Based on facts.

Mr. MITCHELL: Based on facts, you understand.

Mr. KNOWLES: That only produces an investigation.

Mr. MITCHELL: That only produces an investigation, but then the parties involved are subject to prosecution if the investigation proves the complaint to be sound.

Mr. CASTLEDEN: Who must institute that prosecution?

Mr. MITCHELL: The commissioner.

Mr. CASTLEDEN: The commissioner is responsible?

Mr. MITCHELL: Through the attorney general. I do not want to read my hon. friend a lecture on price control, but may I say this. He speaks glibly about export boards and import boards—

Mr. CASTLEDEN: I never mentioned them.

Mr. MITCHELL: —or prices, and that sort of thing. That is what we have now The wartime prices and trade board puts a ceiling on prices, and if the manufacturers do not comply with the law they are prosecuted. My hon. friend criticizes the aluminum interests, but I do not know what we would have done if there had not been a private organization to produce aluminum. I hold no brief for the Aluminum Company of Canada; the facts in their case have been dealt with by the Minister of Munitions and Supply. But I know it is much easier to be brave when the battle is nearly won than it is before, and I think it took a lot of courage and technical knowledge to do what was done by the people who planned that development in northern Quebec. My personal opinion is that it does not gain us as a nation anything to be always accusing everybody who is capable of building an organization or constructing a railroad or doing anything of that description and suggesting almost that they are not honest. I have not taken that point of view. I have done a lot of business with big employers in this country, and as a trades unionist I have found good ones and bad ones, but I have found more good than bad. Some of the bad have been pretty bad, as the hon. member for Cape Breton South well knows, but I do not think it advances the cause of the working people of this country to be continually accusing everyone who is capable of building an industry or other undertaking of not being honest. If my hon. friend has any knowledge, as an individual, indicating the need of investigation, and his facts are supported by five other people, there will be an investigation.

Mr. HANSON (York-Sunbury): I should like to say a word in defence of the lumber men of this country The insinuation has just been thrown out by the hon. member for Yorkton that the lumber men have got together and made a combine in respect of prices and everything else. The fact of the matter is that government regimentation and control absolutely govern selling prices; and in peace time there is no more competitive business in Canada than the lumber business.

Mr. MITCHELL: Absolutely.

Mr. HANSON (York-Sunbury): There never has been a cartel or any combination, as far as I am aware. There is the keenest competition for business, morning and night, day in and day out, 365 days in a year. The lumbermen as a class have developed as much industry in relation to the capital invested as any business in Canada. They are a class of people who have given as much industry in relation to capital invested as any other in Canada, and it does not sit very well on my shoulders to see anybody throwing mud at them.

Mr. KNOWLES: The minister said that he did not care to take advice, or direction at least, from members of the house.

Mr. MITCHELL: I will correct that in *Hansard*.

Mr. KNOWLES: Oh, no; let it stand the way you said it. Let me say to him that if he feels that he has to get on the defensive when in this house we urge activity under the Combines Investigation Act, when he gets back to his office he should get hold of the Winnipeg *Free Press*. He knows where that paper stands politically, that it supports this government like nothing on earth; and yet the *Free Press* is engaged in a very strong campaign to try to persuade the government really to put teeth into its implementation of the Combines Investigation Act. I would urge the minister to consider the representations that have been made to him on the floor of the house to-day in the light of similar representations he receives from his own party organ in Winnipeg.

Mr. MITCHELL: I have made it clear that I am opposed to cartels and combines. If we are to have free enterprise, let us have it; if we are to have socialist capitalism, which is a contradiction in terms, let us have it. The two will not work together. I have read in the *Free Press* the articles to which my hon. friend has referred, but that was not the only newspaper which carried such articles. You cannot move until you know the facts. The labour department has moved in the direction where we can get the facts and, if necessary, legislation based on the facts when they are made known can be set in motion. My hon. friend and I are together on the question of cartels.

Mr. CASTLEDEN: In reply to the sermon I had from the minister—

Mr. MITCHELL: I was not giving you a sermon.

Mr. CASTLEDEN: I recognize the business ability of people to organize industry in Canada. We have in Canada one of the greatest lumber kings in the world.

The CHAIRMAN: Order. I understand that the Minister of Finance wishes to introduce some bills. Shall I report progress?

Progress reported.

DOMINION SUCCESSION DUTY ACT

Hon. J. L. ILSLEY (Minister of Finance) moved for leave to introduce bill No. 166, to amend the Dominion Succession Duty Act.

Motion agreed to and bill read the first time.

[Mr. R. B. Hanson.]

CUSTOMS TARIFF

Hon. J. L. ILSLEY (Minister of Finance) moved for leave to introduce bill No. 167, to amend the customs tariff.

Motion agreed to and bill read the first time.

THE ROYAL ASSENT

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

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

Accordingly, the house went up to the Senate.

And having returned.

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An act respecting The General Missionary Society of the German Baptist Churches of North America, and to change its name to The North American Baptist General Missionary Society.

An act for the relief of Pinnie Rosenhek Leopold.

An act for the relief of Joseph Ulric Edouard Burns.

An act for the relief of Goldie Anker Lazanik.

An act for the relief of Adélard Bélanger.

An act for the relief of Alice Robert Rajotte.

An act for the relief of Frances Eleanor Campbell Coleman.

An act for the relief of George Igaz.

An act for the relief of John William Frank Draper.

An act for the relief of Sam Sokoloff.

An act for the relief of Léon LeBrun.

An act for the relief of William Taffert.

An act for the relief of Belle Bailey Leibovitch.

An act for the relief of Gertie Shulman Friedman.

An act for the relief of Sarah Slutsky Shapiro.

An act for the relief of Jessie Dickson Mackie Toy.

An act for the relief of Angele Pauline Edgar Marie Lambert Choux.

An act for the relief of Margaret Kathleen Hollenbeck Fortin.

An act for the relief of Hulda Van Koughnet Lynch-Staunton.

An act for the relief of James MacMillan McHale.

An act for the relief of Vernon Ross Aiken.

An act for the relief of Frederick Richard Channon.

An act for the relief of Ernest Charles Hazard.

An act respecting The Naval Service of Canada.

An act to provide regulations enabling Canadian War Service electors to exercise their franchise, and Canadian prisoners of war to

vote by proxy, at any general election held during the present war, also to provide amendments to The Dominion Elections Act, 1938, consequential to such regulations, or made necessary by the advent of the said war.

An act to amend the Salaries Act.

An act to amend The Transport Act, 1938.

An act to establish a Department of National Health and Welfare.

An act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1945.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

JAMES RUSSELL POPHAM

The house in committee on bill No. 140, for the relief of James Russell Popham—Mr. McIlraith—Mr. Bradette in the chair.

On section 1—Marriage dissolved.

Mr. DORION: Mr. Chairman, I should like to say a few words with respect to these divorce bills. Without committing myself on this matter, because I am and always will be opposed to any form of divorce, I went to the trouble to read a considerable number of the reports containing the evidence produced in support of these bills. I take this opportunity to protest strongly against the granting of so many divorces on such meagre evidence.

All the evidence is of the same kind. The evidence in most of these cases is prepared by private detective agencies, without the support of any other evidence. I might add that I have personal knowledge of at least one case in which the evidence was altogether fabricated, and the respondent was paid a considerable sum of money to prevent his contesting the case. I say further that not ten per cent of these petitions would be granted before an ordinary court of justice.

In these days of stress and suffering I am asking myself if a nation can entertain the hope of seeing better days when its fundamental foundation, its institution of matrimony, is being so lightly dealt with. Can a nation build for a better future when its parliament consents to the ratification of such a state of affairs? The Prime Minister told us some time ago that even when the war is over we shall have to meet the forces of evil spread throughout the world. I agree with what he said, and I believe the best support which we can give those forces of evil is, without any doubt, the ease with which divorces are obtained in this country.

We as members of parliament have duties to fulfil. One of those duties, even if it may not please everybody, is to put a stop to what I would call the most dangerous means of harming society at large. At the present time our armed forces are fighting one of the greatest struggles the world has ever seen, so that our country may be freed from the menace of tryanny, and so that we may be assured of better living conditions and lasting peace. My submission is that the best support we can give our fighting men, from inside the country, is to take all the means in our power to prevent the forces of evil from taking a lead in our midst, and also to prepare for our men a clean country in which they can enjoy a decent living, based on Christian principles.

I say, therefore, that we should reject these divorce bills, and send them back to those from whom they came. Let us show the public, in so doing, that it is useless to ask parliament to deal with this kind of legislation.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 141, for the relief of Norma Segal Katz.—Mr. MacInnis.

Bill No. 142, for the relief of Harold Almond Jelley.—Mr. Douglas.

Bill No. 143, for the relief of Josephine Kurys Kulczycki.—Mr. Whitman.

Bill No. 144, for the relief of Shirley Harte Harvey Payne.—Mr. Hill.

Bill No. 145, for the relief of Pearl Anneta Benn Russell.—Mr. Whitman.

Bill No. 146, for the relief of Joseph Adélard Paul Begin.—Mr. MacInnis.

Bill No. 150, for the relief of Eugène Charron.—Mr. Macdonald (Brantford City).

Bill No. 151, for the relief of Lillian Bessie Noall Salmon.—Mr. Hill.

Bill No. 152, for the relief of Joan Helen Gorham Glover.—Mr. Emmerson.

Bill No. 153, for the relief of Elsie Hollingsworth.—Mr. Casselman (Grenville-Dundas).

Bill No. 154, for the relief of Louis Joseph Jules Laurencelle.—Mr. Macdonald (Brantford City).

Bill No. 155, for the relief of Freda Altman Scheien.—Mr. Factor.

Bill No. 156, for the relief of Ivan Walter Moore.—Mr. McIlraith.

SECOND READINGS—SENATE BILLS

Bill No. 157, for the relief of Everett Roy Clow.—Mr. Douglas.

Bill No. 158, for the relief of Elmore MacLean MacKay.—Mr. Douglas.

SUPPLY

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

DEPARTMENT OF LABOUR

102. Combines Investigation Act, $28,380.

Mr. CASTLEDEN: When we left this item before the dinner recess we were discussing the operation of the Combines Investigation Act. We were discussing with the minister the various merits of a system of so-called free enterprise in which men may organize industry, and carry on their amalgamation and organization to the utmost of their ability and, apparently, to any conclusion they might consider proper under that system.

I am not questioning the ability of men to form amalgamated organizations of business, but I protest against the continuance of the maintenance of a monopoly and the concentration of power for profits in the hands of a few people, as permitted in this and other countries throughout the world. This country is doing far too little in the way of investigating combines. The reports of the Truman committee and other commissions in the United States and other countries show the extent to which so-called free enterprise is allowed to expand and control the lives of people in world-wide combines. The small amount we have under this item, which is even smaller this year, indicates that the government is failing to curtail the forces which in our opinion constitute the basic causes of depression and which go even further than that, constitute one of the causes of war.

When people in a certain type of organization decide to expand, they become powerful. They use cutthroat competition and wipe out the smaller man. Competition gradually disappears and then they enter into agreements with other large firms with regard to prices. The smaller man is cut out; his opportunity to stay in business is taken away, or he is given no chance to get started. These agreements apparently are allowed to exist in this country. As the minister explained before the dinner recess, the way in which this act operates is for five persons to lay evidence before the combines investigation commissioner. The case is heard and then, if the minister sees fit, he may institute an action against the combine.

I do not know the extent to which that has been carried out. In our opinion too many combines have been permitted in this country. Rich and powerful companies have got control of our natural resources. They control most of our oil resources, our steel, our water power, our nickel and our lumber.

In other industries we find that these people have control of food, clothing and the things required to build shelter. They gradually build up monopolies in the national field. Then when they have overcome competition in that field, they go into the international field. There are concerns which are recognized throughout the world as being international combines with tremendous power.

When the control of food, clothing, shelter and the necessities of life within the nation are in the hands of a few people, it inevitably leads to want and insecurity, a lowered standard of living and a lowered standard of health.

Mr. REID: We have the highest standard of living in the world.

Mr. CASTLEDEN: Look at the health standard records of this country, fifty per cent of our young men unable to pass the physical and mental examination to get into the armed forces.

Mr. MACKENZIE (Vancouver Centre): The record is as good as in any other country.

Mr. CASTLEDEN: I doubt it.

Mr. MACKENZIE (Vancouver Centre): I know it.

Mr. REID: As the Scots say, "facts are chiels that winna ding."

Mr. CASTLEDEN: Look at the records in Quebec with regard to tuberculosis and infant mortality.

Mr. MACKENZIE (Vancouver Centre): You are just taking one province. What about Saskatchewan?

Mr. CASTLEDEN: What about the birth rate of this country?

Mr. MACKENZIE (Vancouver Centre): What about the record of your own province in regard to tuberculosis?

Mr. CASTLEDEN: Take the whole nation.

Mr. REID: It still has the highest standard.

Mr. CASTLEDEN: I am talking about the development of the natural resources of this country so that they may provide a means of decent living for the people. We had a million people on relief between 1930 and 1939.

An hon. MEMBER: 1935.

Mr. CASTLEDEN: Young men were roaming up and down the country looking for work. When that happens something is wrong with a country like Canada, one of the richest in the world in natural resources.

Mr. REID: It is still better than most countries.

Mr. CASTLEDEN: These people who operate international cartels control not only our natural resources but many patents. The people are denied free access to these. The benefits of science are not available to the people, and they cannot possibly get hold of the things they want unless they pay the price to those who hold the monopoly. There are world combines which are recognized in oil, in electrical goods, and in Canada we have our great natural resources of nickel under the control of International Nickel company. These are the forces which in war time build the armaments for the world. When there is competition in world markets, they form cartels. They are the people who inevitably look upon war time as a harvest of profits.

We in this group have a different philosophy of life. We do not believe that profits should be the main objective in life. We believe that the natural resources of the country should be used to improve the welfare of the people, that the profit motive should be supplanted by the service motive. The people of Canada consider that this government has failed in investigating combines within the country and taking action against them. I should like to repeat what the hon. member for Melfort put on the record the other night with regard to farm implement prices. This was the report of a special committee adopted by the legislative assembly of Saskatchewan as recently as 1939. One recommendation reads:

(2) That, as the provisions of the Combines Investigation Act of the dominion appear to have been violated by the major companies in the industry, consideration should be given to instituting proceedings under the said act.

I do not think it should be left to individuals to start these investigations, to lay the complaint. That is the duty of the government. The government should have the welfare of the people at heart. This branch should be busy investigating these things. There is plenty of evidence of what is going on. We should be investigating these combines, both national and international, just as is being done in the United States. If that were done the people would have more confidence in the operations of this department and of the government.

Item agreed to.

105. Payments to provinces under agreements respecting youth training, including undischarged commitments of previous years, $500,000.

Mr. BENCE: At the present time a great deal of vocational training is being carried on in the armed forces by the Department of National Defence in what are known as army trade schools. As I understand it, the directors and other personnel were supplied by the Department of Labour. I want to request the Minister of Labour to consider cooperating with the Department of National Defence with a view to taking over the vocational training work of the army in order that the transition from war to peace may not cause too great a change in the set-up.

I mentioned this before in the house and I believe the minister took cognizance of it. I am worried about the possibility of the Department of National Defence and the Department of Labour becoming separated in connection with this vocational work, with the result that, when the war is over, the facilities which have been supplied by the Department of National Defence, and the experience which that department has gained, may not be used to coordinate the work of the Department of Labour under this particular item.

In the city of Saskatoon there is an army trades school which is carried on at the exhibition grounds, and I am very glad to say that recently they took over the extensive buildings formerly occupied by No. 7 I.T.S. of the Royal Canadian Air Force. In view of the fact that the whole set-up is there, the buildings, equipment and instructors, what is the Department of Labour going to do with respect to taking it over and carrying it on in the peace-time period, and similarly what is it going to do with other set-ups of that kind?

I am convinced that we can raise the standard of living of the people of this country provided that we raise our educational standards and that our people are given an opportunity to acquire the necessary training and qualifications. If we continue to keep the great majority of our people in the status of labourers we can expect little more out of them than purely manual labour. But if we help them to train themselves as artisans we can raise the standard of living throughout this country. When the men come back from overseas and are discharged I feel sure that most of them will be and should be interested in improving their educational qualifications, whether they go into vocational training or acquire higher educational training. In the transition from war to peace I suggest that set-ups such as we have now in the city of Saskatoon would be very helpful, so that when peace comes, and it may come sooner than we expect, as I hope it will, we should be all set to train these men for the essential jobs which I believe will be available to them when the war is over. I am convinced that with the desire of the Canadian people to obtain more and more of the ordinary goods which they

will wish to consume in times of peace we shall be able to find employment for the men who are discharged from the armed services, provided that they are properly trained, and I suggest to the minister and to the administration that the closest possible liaison should be established between the Department of National Defence and the vocational training branch of the Department of Labour so that the training and education of these men will run along smoothly on the cessation of hostilities.

Mr. MITCHELL: All the things my hon. friend suggests are already being done. Through the agency of the war emergency training programme we have trained 250,000 persons for industry alone; in addition we have trained 41,000 for the army, 65,000 for the air force and 8,000 for the navy. We have carried out the basic training for aircrew and ground forces. At this moment there is an interdepartmental committee of the Department of Pensions and National Health, the Department of Labour and representatives of the armed forces who are continually working on this problem which my hon. friend has mentioned. I think it is correct to say that no other nation is as well prepared as Canada in its training programme for the rehabilitation of the armed forces. I say that with the knowledge of one who has passed through the period of the establishment of the war emergency training programme and the erection of the largest industrial structure we have had in the history of this country. I have no fears whatsoever as to the ability of the dominion in cooperation with the provinces and the municipalities to provide training for every service man who desires to take it. But my hon. friend has perhaps already heard that out of 150,000 already discharged from the armed forces only 3,000 have so far availed themselves of the training facilities provided by the federal government, which reminds one of what happened after the last war, that many men and women will go back to their former vocations without utilizing the facilities provided by the government of this country. I am glad that my hon. friend has raised this question, because I can assure him and the people of this dominion that we have established a firm foundation for a training policy necessary for the rehabilitation of the men and women discharged from the armed forces.

Mr. BENCE: May I ask the minister what plans he and his department have for taking over the vocational training now being carried on by the army in Saskatoon, for example. You have there a very fine set-up. If peace is declared within six months, what steps will the department take to utilize that set-up which is a going concern in the city of Saskatoon?

Mr. MITCHELL: As a matter of fact, we are already utilizing it. We have taken it over from the army and are going to continue to use it, I understand, for the training of ex-servicemen discharged from the forces.

Mr. BOUCHER: I am glad to hear the minister say that he is interested in training the men of the armed forces for the various trades and arts. May I point out to him a matter that has come to my attention recently? I refer to the necessity of getting training centres such as have been mentioned established in the rural areas. As we all know, the war has drained off our rural population to the cities and towns, with the result that nearly all our country villages and towns and rural areas have been deprived of their manpower to an alarming degree—plumbers, tinsmiths, blacksmiths, electricians, cement workers and many other tradesmen. A survey has been made of my county. Unfortunately I have not the figures here, but the survey showed how many men in the various trades could be employed within an area of ten square miles. The particulars given to me were alarming.

I believe that one of our biggest problems in the post-war period will be to rebuild the country villages and small towns in the rural areas. The life-blood of every nation is furnished by these rural centres and if the rural centres are successful, agriculture, which is our greatest industry, will be successful. But we all realize how our country villages and towns have been dwindling in population during the war and how greatly their economy has been disturbed, as well as the privileges, conveniences and enjoyments of the people who live in our rural centres. The war has taken our young people away from the rural centres into the armed forces and into munitions plants in the larger centres where lines of work are now open to them which will be closed when peace comes. I think we all realize the problem that we must face in getting our young people back into the rural centres in order to take up their life there once more. The success of social life in rural centres depends upon the church, the school, the small community enterprises. I trust that this government will prepare for repopulating our rural areas in the post-war period. There is a much greater requirement for that than probably any other phase of our national life. You cannot get people to live in the rural centres unless you get them interested and keep them busy at work which they enjoy. You must bring to-day, much more

than we have for the past twenty-five years, to people in the rural centres the services to which they have been accustomed in the last few years in the larger centres.

We look at some rural area to-day, depleted as it is of young people, where the father or the aged person who carries on agricultural pursuits, the blacksmith and the tradesmen having left his community, finds difficulty in making repairs. If you took a survey of a rural district and found what the farmer particularly needs by way of improvements, it would impress you with the necessity of the tradesman and the artisan. I believe the best way is not to train in the larger centres but to take the trade schools and educational facilities right out to the smaller areas. If, for instance, we went to Kemptville agricultural college, looked at the record of their graduates and found out how large a percentage of them have returned to rural life and become specialists in their own business as compared with the graduates of any of the larger colleges, we would see how alarming the comparison is and how much to the benefit of the rural district their training is. With this country as extensive as it is, with agriculture playing so prominent a part, we should take more to the rural areas by way of trades and businesses, so that we may rebuild the little country centres, so that we may improve the lot of agriculture, because we must depend upon agriculture to provide a fundamental place for our man-power policy in the future life of Canada, and we should specialize in this work. I would draw the attention of the minister therefore, to the importance not only of building trade schools in the large centres but of locating them in the smaller centres, so that while smaller in size they will be greater in number.

Mr. GILLIS: I think the hon. member for Saskatoon City raised a very important point, and we should not too complacently assume that we have solved the problem to which he referred. I understand that with a view to the rehabilitation of the veteran the new Department of Veterans' Affairs has been set up. That department will attend exclusively to the retraining of service personnel. The item under discussion has to do with something which should be carried forward into the post-war period. I fear that our vocational plans are based on the emergency of war and that, as happened after the last war, immediately the service personnel have been taken care of or as their welcome by the public wears out on the basis of being service personnel, the machinery set up will gradually disappear.

The minister in his answer stated that we are to-day in a better position from the point of view of vocational training than ever before in the history of the country. That is true, and in order to improve what we had we did not have to do very much, because when this war broke out, in 1939, there were very few vocational training facilities in any section of Canada, and a good job was done in setting up emergency machinery to train both our service personnel and those who went into war industry. It was, I repeat, a good job done in a hurry. When the war ceases, practically all the 250,000 persons who have been trained for war industry and other pursuits connected therewith will have to be retrained. The jobs they are doing to-day are war-time jobs, and when the war machine stops, when they will no longer be making shells and Bren guns and the other things they specialize in to-day, they will have to be routed back to our peace-time economy to produce some other article, and it is going to require special training. It is not a job which will come within the purview of the Department of Veterans' Affairs. In my opinion the retraining of those in war industry will fall to the lot of the Department of Labour. The danger as I see it is that, when you have two or three departments, whose jurisdiction and duties are not clearly defined, handling the one problem, the tendency will be to pass it from one to the other and as a result no one is going to do very much about it. I believe that the pressure of public opinion will force us to take care of the service personnel, but I am still somewhat sceptical about the retraining of those in war industries, who will be coming back to us in much greater numbers than service personnel. There is a big retraining job to be done there, and I am not too confident of the capacity of the machinery and the equipment which the Department of Labour will have available to do that job.

I have in mind one emergency programme which is set up under the Department of Labour and which I hope will be carried on after the war. I refer to the emergency training programme established in the coal mines of Nova Scotia. That is a war emergency programme. It is done through the duress of war. My assumption and that of most of the people affected is that when the emergency in fuel disappears that training scheme likewise will go by the board. I am in hopes that under this vote, which should be much larger, not only will the Department of Labour carry on that programme of apprenticeship which

was started in the coal mines of Nova Scotia, but that it will be extended and the business of coal mining will be a profession. That is going to come within the purview of this particular department. While you may have exceptionally good training facilities in the central provinces of Canada, and as the hon. member for Saskatoon City pointed out, the facilities in that particular city are fairly good, I know that those in Nova Scotia and, I believe, generally in the maritimes leave much to be desired. There was one school located, I believe, at New Glasgow and financed to some extent by the Clark Ruse aircraft people. When the plant at Dartmouth closed the school closed. There is machinery there which should be utilized after the war and developed into a permanent vocational training centre.

Right now, as the Minister of Pensions and National Health is very well aware, most of the returning service personnel coming back to Nova Scotia, many of whom had a job in the mines previous to enlistment, and were discharged from the service because of disability, cannot resume the job which they did previously, and to-day they are making the rounds of selective service offices. While we have a regulation which permits them to take advantage of the present vocational training facilities, in that province there is nowhere to send them to train. The minister pointed out that a very small percentage of returning service personnel are taking advantage of the vocational training facilities. That is all too true, and the reason is that the remuneration they receive in order to take that course, in the maritime provinces, where they are obliged to leave their homes, most of them having families, is not sufficient to enable them to maintain their home in one section of the country and live in another section.

Mr. MACKENZIE (Vancouver Centre): Is that correct since the rates were raised recently?

Mr. GILLIS: It is correct. While the rates have been substantially increased, I submit that leaving home and virtually maintaining two families has a tendency to make these men try to seek employment which will enable them to live at home. There is a remedy for that situation, and that is the establishment of training centres in the areas in which these people live in order to encourage them. In my opinion sufficient emphasis has not been placed on the importance of vocational training. Anyone who came through the last war and was demobilized knows the great mistake which the men made at that time in not taking advantage of the vocational training facilities that were provided.

[Mr. Gillis.]

Mr. MACKENZIE (Vancouver Centre): But the basis is very much wider now than it was after the last war.

Mr. GILLIS: That is absolutely true; but even then, bad as it was, anyone coming back would have been much better off had he made the necessary sacrifice for a year in order to retrain himself for some calling so that he might have fitted himself into some occupation in keeping with his physical abilities, instead of doing what most of them did, going into jobs where physically they could not stand up to the work, with the result that in a year or two they broke down and were unfit for anything. They had then no chance of taking the vocational training which was available in the first place. A selling job to the service personnel, to those coming out of war industry, is necessary now, in order to make them thoroughly acquainted with the advantages to be gained as a result of that particular programme.

Mr. MACKENZIE (Vancouver Centre): That is being done.

Mr. GILLIS: It certainly is not effective. It is not being done to the extent that it should be. I merely rose to support what the hon. member for Saskatoon City says, that we do not want to place the main emphasis all the time, so far as vocational training is concerned, entirely on the emergency machinery that is being set up to take care of service personnel.

There is another group to which attention must be given. I refer to the women's services. Very little mention has been made of them. They are coming back also and many of them have taken training in specialized jobs. What is the programme for the women's services? I suggest that when their duties are over in the organizations in which they are now engaged they have an important contribution to make to Canada. In my opinion Canada requires a good many social service workers in the interests of national health, for instance. National health machinery is now being set up, and the women have an important place to fill, as well, in the cultural development of the country, for example, in the staffing of libraries, which I hope will be established, and in many kindred vocations, for which perhaps many of these girls have trained themselves. An inventory of the women forces should be taken and some vocational training facilities should be provided exclusively for them in order that they may take their proper place in the scheme of things.

Mr. MACKENZIE (Vancouver Centre): That is being done too.

Mr. GILLIS: I am glad to hear that. You are not advertising yourselves well enough. You should get someone over there to do a good advertising job for you.

Mr. MITCHELL: We have not the time; we are too busy administering things.

Mr. GILLIS: You are like most of us; you have not the time. However, with regard to this question of vocational training, the point I wish to make is this. There is no use in building up a paper organization and telling the public at large what is going to be done, because we are only kidding ourselves. Those of us who will have the responsibility of representing the various communities in the next parliament must not lead the people to believe that we have solved the problem, that all the machinery necessary in the field of vocational training is there, because if we do that it is going to react on ourselves. You must have schools in the different provinces, and so far as the maritimes are concerned, we do not have them. They are not there and they must be established. I pointed out one particular school in New Glasgow that should be reorganized for the peace-time set-up. All we have there is a technical college in Halifax with its peace-time facilities, and it is certainly not in any condition to do the kind of job that should be done in the post-war period in the field of vocational training.

Mr. MITCHELL: I should like to put the record straight. My hon. friend said that we did not advertise enough, and he added that there was no vocational training prior to the outbreak of the war.

Mr. GILLIS: Not much.

Mr. MITCHELL: Well, there was the youth training programme. In the years 1937-39 we trained 150,000 young people.

Mr. GILLIS: What were they trained for?

Mr. MITCHELL: Different vocations. I could give the hon. member a list of them or send them over to him.

Mr. GILLIS: I should like to see them.

Mr. MITCHELL: The hon. gentleman suggested that this vocational training should be carried into the peace-time period. That is already taken care of. We changed the name "war emergency training programme" to "Canadian vocational training programme," and we have already negotiated apprenticeship agreements with seven provinces for ten years. He spoke of machinery and equipment. I do not think there should be any difficulty as far as buildings, machinery and equipment are concerned when the war is over. We have ample supplies that will be available at the conclusion of hostilities. In fact, the department has already put in its preliminary requirements to the crown assets allocation committee for use in vocational and other training purposes we have in mind.

My hon. friend spoke of the women. Of persons being trained who are discharged from the armed forces I mentioned 150,000, and 3,000 have been availing themselves of training facilities. One-fifth of these are women and they are being treated exactly the same as the men. We have a special committee that is advising the vocational advisory committee in connection with the retraining of women.

My hon. friend raised the question about rates paid for training. This is probably the fairest opinion on the situation as it exists at the moment. There are many jobs available at good wages in my hon. friend's own province, for example, both for women and for men at the present time, but what the situation in the future will be I do not know. I do not think any of us knows what it will be. We do not know what the position in Europe will be if Hitler collapses two months from now. The situation is one which, all opinions to the contrary notwithstanding, will baffle the imagination as well as the intelligence of any kind of government there may be in this country. I would say in passing, however, that in my opinion the government that is capable of setting up the organization and giving the direction that can best take advantage of the contribution which this nation has made toward the destruction of the greatest menace that has ever threatened mankind is the present administration.

Mr. GILLIS: The government passes so many orders in council that we never see, that it is a good thing occasionally to inquire in the House of Commons and get necessary information. I do not think it is a good policy to wait until we see what is going to happen in Europe. We know we are going to win and hope we shall establish the social objectives for which we are winning the war, and that will require certain machinery. I have in mind approximately 6,000 miners, from district 26, in the armed services—that is the latest figure—most of whom are in France and Italy, and they will be coming back.

They have been serving in front-line battalions. When they come back they will be coming to a part of Nova Scotia at least where there is no employment for them. They are going to require retraining. In order to be retrained they will have to leave that province. In a section like that, a heavy industry section, where you are going to have to reallocate to new employment most of the personnel,

there should be retraining centres convenient to their homes so that they will not have to do like members of parliament, work in Ottawa and maintain a family in another part of the country. That causes dual expense. The rates for vocational training are fair if the men are living at home. There is no doubt about that, but I should like to see something in the way of vocational training schools set up in my part of the country to train these men for some other employment. I do not think it is good enough to ask men in every generation to go to war and offer their lives for their country and then, when they come back to that part of the country which they left, the part which they fought for, they are obliged to migrate to some part of the world in order to get a job after the main job has been done. I think we should be realistic enough to say: "When you come back we shall train you for something close to your home and we may try to find you a job in that part of the country for which you fought." After all, that is the part of the country for which these men are fighting. There are no facilities in that part of the country to retrain anyone. I just leave that thought with the minister.

Mr. MACKENZIE (Vancouver Centre): May I ask my hon. friend this question? Does he know of any part of the world to-day that pays for vocational training $60 for a single man and $80 for a married man, with corresponding family allowance so that a man with six children has $126 while training? Neither in Australia, New Zealand nor any other part of the world are the rates as high as they are in Canada to-day.

Mr. GILLIS: I am not quarreling with the rates. I said that the rates were fair. The minister also realizes that in most of the industries when a man is obliged to live away from his family, if he is moved by selective service there is a subsistence allowance to make up for the additional expense. That is the point I have in mind. I think it is a point that is militating against the retraining programme to-day.

Mr. BOUCHER: Has the minister done anything toward having vocational training out in the rural areas in the schools, technical schools or vocational training schools? Great improvements along that line could be done in those areas. If that were done a great deal of help would be had in the settling of our war-torn country. Our young people would be encouraged to come back to the rural areas and settle there. I think we made a mistake before the war started in that we did not look after the small rural areas by improving rural life in those communities. Instead of that we encouraged the settlement of those people in congested areas. Could the minister give us any information along that line?

Mr. MITCHELL: That is being done, but speaking from memory I do not think it is being done in Ontario. I know in Alberta we have carried on experimental classes in that regard. We have also done quite a lot in connection with the repairing of farm machinery in Saskatchewan. Let me say this to my hon. friend. Our first duty is to see that these people get proper education and training. By the very nature of things that can be best done in the larger centres, because, after all is said and done, you have to get a staff. May I give an analogy? One of the reasons why the universities of this country are to a large degree centred in some of the urban communities is that it would be impossible to decentralize the work of the universities in the smaller communities in the various provinces. But the thought expressed by my hon. friend will be given all the consideration that we can possibly give it. However, I leave that practical question with him. The buildings, the equipment and, above everything else, the training facilities, the teachers, are best obtained in the larger urban centres of the country. That is the reason why our technical facilities for the training of teachers even in the rural communities are situated in Toronto and Hamilton in the province of Ontario.

Mr. BOUCHER: I think the minister will realize that within the last twenty-five years even the larger universities in the larger centres have done a lot in the way of university extension, and have become aware of the very thing of which I speak. Perhaps he has not fully appreciated the point I had intended to make here, namely, the training of people in rural areas by taking the schools of training out there. I think that has a decided advantage in keeping them there. If he will look through the record of the little continuation school and the high school in the smaller centres he will be amazed at the large percentage of the people who remain in the community compared with the people taught in the high schools or continuation schools or collegiate institutes of the big centres. I think we in Canada missed an opportunity before the war, and we are still doing so by not looking upon the rural community as the place to educate our people instead of bringing our rural people into the larger centres and expecting them to come back. I gave an illustration of Kemptville agricultural college and compared it with Guelph to show the

high percentage of the graduates of the smaller college who remained in the rural areas and compared that with the comparatively low percentage of graduates of the collegiates in the cities and larger towns who returned to the rural areas. I think we made a great mistake. I should like to impress upon the minister the necessity of taking the services for training out to the smaller centres. Even though it does cost more, the return on the investment will be much greater, and it would do a much better job in rehabilitation if that were done.

So far as grounds and buildings are concerned, this war has caused such an extension of grounds for military needs in our rural areas that they could be used for this purpose. They are scattered pretty well over our rural areas. I spoke of our airfields, training schools and military camps. In my country we have the Connaught rifle ranges, 2,700 acres of land. They were used before the war and for the first two years of this war for two or three months in the year. The grounds, buildings and community life were idle the rest of the time. When these facilities are in a rural area they could be used for this very thing. I think the government should not make the mistake of allowing those properties to become idle for so many months of the year when they are there to be used and rural life could benefit by their use.

Mr. MITCHELL: My hon. friend spoke of the extension classes of universities. We have been doing that for the last seven years in the prairie provinces, Quebec and the maritimes. What we have had in most of the provinces have been travelling teachers who have gone from community to community teaching the various classes that have been established in connection with training in the rural parts of the dominion.

Mr. BOUCHER: The minister will agree that there has not been nearly enough of it.

Mr. MITCHELL: Perhaps not in your province, but in all the others.

Mr. QUELCH: I think the technical schools established in Alberta for the purpose of training farm boys in the use of farm machinery served a very useful purpose. I hope they will be reopened after the war. I hope their facilities will be accorded to soldiers of the first war. Is it a fact it is the intention of the government to start up these classes again as soon as possible?

Mr. MITCHELL: I would say that in Alberta they have done a remarkably good job in the last seven years, particularly since I have been connected with this department, in connection with vocational training.

Mr. GILLIS: With respect to the apprenticeship system now operating in the coal mines of Nova Scotia, is it the intention to carry it forward into the post-war period? Where are all those people who were trained prior to the war, and what were they trained for? I know that many efforts were made through the country and at that time in Nova Scotia to lay down some kind of apprenticeship plan either in the steel plants or in the coal mines. They never could get anywhere with it, for the simple reason that those trained at that time, so far as these two industries were concerned, were merely for the purpose of providing cheap labour. On that basis, where industries were unionized, no progress was made with that kind of programme.

The apprenticeship plan now operating in the Nova Scotia mines is a good one. It is an excellent plan, and well worked out. To the best of my knowledge it is working with the approval of the men themselves and they are slowly extending it. Is it the intention to carry on with that plan, because the department is not going to get anywhere in the programme it had prior to the war in the two industries I mentioned?

Mr. MITCHELL: I would say that the answer would be: If necessary, yes. But as my hon. friend knows, the coal industry has caused the government grave concern. Production has gone down and the cost of production has gone up. As my hon. friend knows, we expect to set up a royal commission in the not very distant future, and I should think one of the terms of reference might be the whole field of training in the coal industry.

I see the weight of my hon. friend's argument. I was a tradesman myself, and I suppose largely because I was apprenticed at one time I have been greatly interested in furthering the apprenticeship aspect of post-war planning. It is a step the dominion has never taken before, and it is my desire that there may be established in this country a great love of trade and calling. I have always maintained the position that if you can teach a youngster to work with his hands first, you need not worry about his future. It has been my feeling that our education has gone too far in the other direction, toward the white-collar worker.

I was trained in a school in which the first thing a parent thought about was to teach boys and girls to work with their hands. I hope the leadership given by the dominion will bring about the establishment in every province—or possibly I should say the reestablishment—of a pride in crafts and workmanship

which existed in the early part of this generation. I sympathize with my hon. friend's point of view.

Item agreed to.

107. Unemployment Insurance Act, 1940; administration, $5,375,150.

Mr. BENCE: In this connection I think we might first of all invite some comment from the minister as to the reason why the cost of administration is over twenty-five per cent of the total cost of unemployment insurance in the dominion.

While I am on my feet I would point out something which no doubt has been drawn to his attention before, namely, that there are many employees in Canada who are considerably irked by the fact that there is no possibility of their ever being able to take advantage of the unemployment insurance measures. In fact, unemployment insurance to them is not unemployment insurance, but is merely an additional tax levied for the purpose of ensuring that other people will be supplied with unemployment insurance, in the event of their occupations failing them.

This matter was rather forcibly brought to my attention within recent months, owing to the fact that in Saskatoon we have a large body of municipal employees, most of whom occupy the same building. It so happens that in that city we retail our light and power. We do not produce it; rather we purchase it from the provincial government, and then our municipal employees after purchasing it from the government retail it to the citizens of Saskatoon.

For a long time all the employees in the city were in the same position. That is, they did not come under the provisions of the Unemployment Insurance Act. Recently, however, an amendment was introduced in the regulations. I hold in my hand what I believe would be described as a news item, from the unemployment insurance commission, under date of September 1, 1943. It points out, in effect, that whereas employees of public utilities formerly did not come under the provisions of the act, from that day forward they would.

I took this matter up with the chief commissioner, pointing out to him that here were a set of municipal employees, all ostensibly doing the same work in the city of Saskatoon. In other words, they were all working for that city. Some of them happened to be employed, not in the manufacture or distribution, but rather in the retailing of power and light. They have been brought under the provisions of the Unemployment Insurance Act. Deductions were made from their salaries every month in the year; but their fellows, who were also working for the same city and being paid by the same organization, were allowed to keep the whole of their salaries, so far as unemployment insurance deductions were concerned.

The fact is that all these employees are in the same position. They are permanent employees; there is no possibility of their being discharged, unless for cause. There is a provision in the city regulations under which they receive superannuation after reaching a certain age. If they become sick or disabled before that time provision is made for them by the city whereby they shall not be left in want. Therefore there is no possibility under any circumstances of these particular individuals ever being able to take advantage of the provisions of the Unemployment Insurance Act. There must be many other cases in which a similar state of affairs exist. It is not a case of unemployment insurance, so far as these people are concerned; rather it is purely a matter of another tax.

The suggestion I make to the minister and the administration is that the whole matter should be reviewed, in order that persons who obviously are not those who should come within the purview of the Unemployment Insurance Act be eliminated from the operation of its provisions.

Mr. MITCHELL: The hon. member spoke about the cost of the administration of unemployment insurance. I do not need to tell him that the work of the unemployment insurance administration has been greatly enlarged since bringing into being the selective service organization. It has for its purpose the direction and placement of people in civilian employment. At this time seven-twelfths of the work of the unemployment insurance machinery are connected with what one could call purely war duty. The remaining five-twelfths are engaged in the normal daily work of the unemployment insurance commission.

The machinery of that commission must operate very much like a fire brigade. The mere fact that we have a very high level of employment at the present time is one of the reasons why the administrative costs appear to be somewhat larger than they might otherwise be, under what some people might call normal conditions. It was estimated when the bill was before the house, and before the special committee, that the per capita cost per year for insurable persons would be about $2.50. That figure compares very favourably, on an average, with costs in the United States. In some states the costs are higher. For instance, in Nevada, I believe they run to something like $5 a year, while in New York

where the mass is much greater, and the population more highly concentrated, I believe it is about $3, although when I give that figure I speak from memory.

We have good coverage. My hon. friend says that some people feel they should not pay into the unemployment insurance fund, because they will never be out of work. I do not think any person should take that position. We have seen fluctuations in the activities of banks, railroads and what are sometimes called sheltered employments, where employees have been thrown out of work. The whole basis of insurance is predicated on staggering the risks. My hon. friend probably has some life insurance and he must die to win. I am sure my hon. friend does not want to die; he would rather lose.

Mr. KNOWLES: He should take out a Canadian government annuity.

Mr. MITCHELL: But if he should die, his estate would get the money the same as with ordinary insurance. My hon. friend can see quite clearly that you cannot have insurance dealing with anything unless the risks are staggered. In the face of life insurance some people die sooner than others; in the case of unemployment insurance, unfortunately some people are out of work more than others.

It is an old story. People take the position that because at the moment they are fully employed they should not contribute to the fund. We know what happened from 1930 to 1939, and that is no argument why a person should not be covered by unemployment insurance. If I had my way, and I am speaking personally, every person in this country who was gainfully employed would come within the four corners of this legislation. I hope to see the day when that will come around. At the moment there are about 2,500,000 people covered by unemployment insurance benefits.

Investigations are being carried on by the advisory committee which was established by law with the intent of increasing the coverage of unemployment insurance so that many callings and avocations which many people think should be covered by this necessary protection will be brought within the orbit of this legislation, I hope in the not too distant future.

Mr. BENCE: Are permanent civil servants of the dominion government covered by unemployment insurance?

Mr. MITCHELL: No.

Mr. BENCE: Why are they not covered?

Mr. MITCHELL: My hon. friend knows they are covered by many other things which the average citizen has not available to him. Their holidays I would say are generous in comparison with those given in industrial undertakings. The allowance made for sickness is generous. It is not as generous as some people think it should be, but it is generous when compared with that granted to people employed in industrial undertakings. Then they have a superannuation scheme which takes care of them in their old age. Then, to go a step farther, we find that civil servants, national, provincial and municipal, do not come under the regulations of the war labour board which regulates wages and other matters.

Mr. BENCE: That is the very point I was making. As a matter of fact the minister is really answering his own statement by the explanation he has given in connection with dominion government employees. I was discussing the case of employees who would not be out of employment.

Mr. MITCHELL: My hon. friend cannot say that.

Mr. BENCE: The minister cannot say that dominion government employees will not be out of employment. If it is right for one, surely it is right for the other. I pointed out to him the case of certain municipal employees. The minister has referred to sickness insurance, superannuation and all that kind of thing. These employees have all those benefits, and yet they were ordered to pay part of their wages or salaries into the unemployment insurance fund. There is no possibility of their ever being able to take advantage of it.

Mr. MITCHELL: At one time I worked for the hydro commission in Hamilton. That was a large organization and I never heard the question raised there that is being raised by my hon. friend. Personally I would willingly pay into a fund of this description in order to stagger the risks.

Mr. BENCE: Then everybody should pay.

Mr. MITCHELL: Absolutely.

Mr. BENCE: But they do not.

Mr. MITCHELL: You are speaking about civil servants. My hon. friend is a lawyer and he understands as well as I the position of persons in the employ of the crown. That applies to those in the employ of the dominion, in the employ of the United States government and the government of Great Britain or of any country where there is a civil service and a democratic form of government. I am not going to labour the point because he knows it as well as I do.

Mrs. CASSELMAN: The minister referred to extending the benefits of unemployment insurance and I should like to say a word about the possible extension to women. Sub-

committee No. 6 of the reconstruction committee under Doctor James reported in 1943 that there were about 1,200,000 women employed. Of that number only about 700,000 came under unemployment insurance, leaving about 500,000 not covered. A good many of those were household workers which I understand is a hard group to organize. Some study has been given to this in certain women's organizations, and if the act is to be extended it would be of great benefit to these household workers if they were brought under the legislation.

Out of the 700,000 who are covered, which is the number reported for 1941-42, something like one-quarter are receiving minimum wages. If they ever have to draw unemployment insurance they would get a bare subsistence. Of that same number, some one-third are women under nineteen years of age. There is a definite problem in relation to the employment of women.

When changes are made in the unemployment insurance legislation I ask that special consideration be given to extending the benefits to women. I think this is one of the best social security measures ever brought in, and I hope it will be extended to women, especially those in the lower brackets, and within a short time.

Mr. KNOWLES: In connection with the matter raised by the hon. member for Saskatoon City I should like to remind the minister that the reason why some employees who feel they are in fairly secure employment complain about paying unemployment insurance is that they observe that certain other classes of people—I am not referring to civil servants—in the higher income brackets—

Mr. MITCHELL: My hon. friend is not objecting to the insurance principle?

Mr. KNOWLES: Not at all; I am simply trying to remind the minister of something he knows quite well because I have heard him say it.

Mr. MITCHELL: You are treading on dangerous ground.

Mr. KNOWLES: Oh, no, I know what I am talking about. The reason why people in the positions referred to by the hon. member complain about paying unemployment insurance is that they observe that other people in higher income brackets who are in financial jobs of one kind and another do not have to pay. As a matter of fact, people in the kind of employment referred to by the hon. member for Saskatoon City feel that there is less danger of their becoming unemployed than there is of some of those who are at present earning good money in speculative types of employment. They feel that when some of those people become unemployed the community as a whole will have to provide for them even though they are making no payments into the unemployment insurance fund.

I am simply suggesting to the minister what he said last year when the act was amended to extend the coverage, namely, that to make it really satisfactory it should be all-inclusive. The minister has indicated that to-night as well. I am suggesting that until the government is prepared to put it on an all-inclusive basis there are bound to be certain groups of employees feeling that they are discriminated against as compared with other groups.

I rose partly to make that observation, partly to call another point to the minister's attention and to ask him whether anything is being done by way of studying it. One of the situations into which many employees run is this. They have been employed for some time and have contributed steadily to the unemployment insurance fund. Then they have to lay off work because of illness. I am not referring to cases of illness that are covered by workmen's compensation but illness that throws a man out of work through no fault of his own. Despite the fact that they have made contributions to the unemployment insurance fund, they find that they cannot draw benefits because their unemployment is due to sickness rather than to there being no jobs for them. A good many cases of this kind have been brought to my attention and I have taken them up a number of times with the departmental officials in Winnipeg, but it is not necessary to continue doing so because the story is the same every time. But even though we try to explain to these employees that they have been paying premiums to cover unemployment due only to there being no jobs for them and not premiums to cover unemployment through sickness, still it is hard for them to understand. That simply underlines the fact that this is no time to stop and pat ourselves on the back concerning the social legislation that has been enacted thus far. This is a time to be moving still further forward. What we need is a social security programme that will cover all the things that assail our people. For the average worker it is just as tough a blow when his income stops because he cannot work through sickness as when it stops because there is no job. I hope that as a result of the experience which the unemployment insurance commission has had thus far they may have been giving some study to the question of extending the benefits under this

act to cover some protection of the income of persons who have to lay off work because of illness. I should like to know whether any study has been given to that phase of the subject.

Mr. MITCHELL: First things first. My hon. friend was sympathetic with those people who do not want to pay unemployment insurance.

Mr. KNOWLES: I was stating their case.

Mr. MITCHELL: You were playing both ends against the middle. I know something of the attitude of industrial organizations in this country toward unemployment insurance, and it is not the attitude that was taken by my hon. friend, who was trying to sympathize in a quiet sort of way with the fellow who does not want to pay into the fund. Perhaps the hon. member for Cape Breton South does not know or share the opinion of the hon. member for Winnipeg North Centre.

The other question raised by the hon. member for Winnipeg North Centre was a legitimate one in connection with the rule that when you are ill you do not get paid the benefits. That principle was clearly understood and fully discussed when the unemployment insurance resolution was introduced in the House of Commons. There was no objection taken to that principle when the bill was passed. Health insurance is one thing; unemployment insurance is another. In Great Britain they have a health insurance plan and an unemployment insurance plan. I am not arguing the sentimental point of view at the moment; I am discussing the insurance point of view.

The hon. member for Edmonton East spoke of increasing the coverage under the act. I am all for that. In Great Britain, and I think it is true of Australia and New Zealand but I am not sure of that, domestic servants and farm workers are included, and I see no reason why, after a proper study of their possible inclusion, they might not be brought within the ambit of the unemployment insurance regulations of this country. But sometimes you can move too quickly and rock the edifice you have built up. I think the British way is the best way. There they started off unemployment insurance in 1906 by covering just seven trades, and they were very fortunate, shortly after passing the act, in moving into a most prosperous period for the building trades, which was one of the first group of workers to be brought under the act. Gradually a great fund was built up, and the coverage of their act has been widely extended until to-day about thirteen million people come under their act.

I think our method of approach is the sound one and we should study carefully before we include other groups of employees within the four corners of our legislation. I am all for that method of approach. Some people—I do not think my hon. friend is one of them—would rather go ahead in a hurry and make mistakes. There is always a class of people who say: Go ahead and cut the red tape and let us have action immediately. If you did that you would find that actuarial difficulties would arise and you might end up in the ashcan. We are taking steps by order in council to investigate and make recommendations with respect to increased coverage, and before twelve months are passed we may have brought many more groups of employees within the scope of this essential legislation. I want to say this, and you can use it politically if you wish to, that I have no sympathy whatever with the individual who does not want to assume his proper responsibility in upholding this very necessary legislation that we have on the statute books to-day.

Mr. KNOWLES: I shall not argue with the minister's attempt at humour in the first part of his remarks just now except to say that I agree with him in his concluding comments. But the point is that if you are going to say that to some groups in this country you should say it to all, and if the minister really agrees with that, we are not very far apart.

With respect to unemployment due to sickness, I was appealing to the minister on the very basis on which he has indicated he wishes to proceed, namely, one step at a time. The minister knows that I feel, and we of this group feel, that what we must arrive at is social security legislation that provides complete coverage, and what I was suggesting to the minister at this stage of the game was simply one further step, namely, that employed persons who become unemployed and lose their income because of illness might be covered by the terms of the act. What I am thinking about is protection of the income of the worker so that he will have some income even though he is unemployed through sickness, as well as when he is unemployed because there is no work for him. I suggest to the minister that what I was asking for was right up his own alley. I was asking for the one next step that might be pursued by the unemployment insurance commission, and it was my hope that study might be in progress at the present time on that very point.

Mrs. CASSELMAN: Sickness benefits are entirely different from unemployment insurance benefits. One of the underlying conditions

of unemployment insurance is that the person must be available for work. In New Zealand and Australia, I believe, sickness benefit is separate also from health insurance. It is a different kind of benefit. And as will be seen, unemployment insurance requires a different form of machinery from that for sickness benefits, which brings in the medical man and so on.

Mr. GILLIS: I agree with the hon. member for Winnipeg North Centre that unemployment insurance is merely one part of the social security programme. I believe that ultimately—and I hope it will not take as long as it did in Britain to arrive at that point—we shall have to have an over-all social security plan. This is merely one phase of it. I am reasonably sure that that is coming. If this government does not implement it some other government will. That is the trend of thought in Canada to-day. I understand the department is investigating the whole problem.

Last session I raised with the minister the question of the returning service man who goes into an insurable industry. Under the terms of the act at that time—it may have been changed since—he must have had ninety days employment and have made fifteen weekly contributions to the fund before he is entitled to benefit. We were led to believe when this act was passed that all contributions for those in the armed services were being made by the government, and most of the boys who came out assumed that they had full protection in so far as the Unemployment Insurance Act was concerned. We ran into the first problem, I think, in Nova Scotia, where many of the men released from the services took employment in a mine which closed before they had made the necessary number of contributions, and when they applied for their unemployment insurance they were faced with that clause in the act which precluded them from benefits. It was quite a shock to them, and I believe that at that time the Minister of Pensions and National Health said it was news to him. When I brought the matter up he said he did not think the act worked in that way. The Minister of Labour said much the same thing; and it was a surprise to me until I went over it again. Both ministers, since both are concerned, promised at that time consideration with a view to having that condition corrected, holding that if we were making a contribution for those in the service we should make it and give them complete coverage when they came out. Has anything been done with respect to changing the act?

[Mrs. Casselman.]

Mr. MACKENZIE (Vancouver Centre): Does my hon. friend mean the clause which requires that a man shall have worked for fifteen weeks before he is entitled to the benefit?

Mr. GILLIS: Yes.

Mr. MACKENZIE (Vancouver Centre): That has not been changed.

Mr. GILLIS: Then I think it should be corrected. It is a piece of gross injustice.

Mr. MACKENZIE (Vancouver Centre): There is a provision in order in council P.C. 7633 for those who are out of work temporarily and do not qualify, in case they go out of employment within the fifteen weeks.

Mr. GILLIS: That is a duplication of machinery. It would be much better to deal with the matter by way of unemployment insurance.

Item agreed to.

Unemployment Insurance Act, 1940.

109. Advances to workers under section 91 of the act, $50,000.

Mr. KNOWLES: I understand that this is money provided so as to be able to advance travelling expenses to employees who are directed to take employment elsewhere than in their home communities. Is it not true that there is an order in council under which an actual grant is made in some cases for travelling expenses, rather than a loan as is provided under this item; and if that is the case, on what basis is the decision made as to whether an employee directed to report away from home receives a loan or a grant toward his travelling expenses?

Mr. MITCHELL: We are not using this grant at all. My hon. friend will see that we did not use any of this money last year. We are making advances to people going to different parts of the country, under the War Measures Act and the war appropriation in that regard, and that is the method of procedure. The amount of money we advance is, if I may use that term, only chicken-feed in comparison with the amount of money we have advanced to permit people to travel from one end of the country to the other.

Mr. KNOWLES: What I was inquiring was with respect to these advances. Are they, under these war-time conditions, loans, or are they grants that do not have to be paid back?

Mr. MITCHELL: They are grants which do not have to be paid back.

Mr. GILLIS: I am wondering about that because I have had a lot of correspondence.

You recruit a lot of people in one part of the country to go to the central provinces. An advance is made by national selective service or by the company for transportation purposes. That fare or that advance is recoverable under certain circumstances, is it not?

Mr. MITCHELL: Wherever we make a grant it is done by the government itself. Sometimes the employer pays it, and as a rule when the employer pays it the advance is made under certain conditions. If a person comes from Vancouver to Toronto and has the money advanced by the employer he wants some guarantee that the employee is going to stay some time with him, and the arrangement generally arrived at is, "If you stay for six months, or nine months, or twelve months, the amount of the advance will not be recoverable." In some instances it is repaid week by week. The longer you stay, the less the advance until it is wiped out completely.

Mr. GILLIS: Could the minister give us any figures as to what, if anything, was recovered under this vote? I should like to know the amount advanced and the amount recovered.

Mr. MITCHELL: I have not the figures in my possession. It is not under this vote; it is under the war emergency programme vote. If my hon. friend wants it and raises the matter on the orders of the day or otherwise I shall be glad to give him the information.

Mr. GILLIS: I have had letters about girls who came to Kitchener or Brantford to take employment, and who, because of ill health or for some other reason, could not stay. They wanted to go home, but were without sufficient funds, and their parents were put to considerable expense to pay the return transportation. Also there are cases where hospital bills have accumulated.

Mr. MITCHELL: No one is more sympathetic than myself to young people, particularly young women who come a long distance, say from Nova Scotia to Kitchener. Under a big organization like selective service or the labour department occasional incidents of this kind are inevitable. I have not all the wise people in the Department of Labour, although I have some of them. I think my hon. friend will find that when complaints are made and when they are justified the settlement or the arrangement which is finally adopted is always in favour of the worker. I know the case at Kitchener of which the hon. member speaks. That was some time ago, about eighteen months, was it not?

Mr. GILLIS: No; there is at least one within the last month.

Mr. MITCHELL: I do not know of that case.

Item agreed to.

DEPARTMENT OF TRADE AND COMMERCE

343. Publicity and advertising in Canada and abroad other than in the United Kingdom, $88,000.

Mr. GRAYDON: With respect to "publicity and advertising in Canada and abroad other than in the United Kingdom", this is an item with regard to which the minister might very properly make a detailed statement, because the other night we heard some criticism and some suggestions with respect to advertising which Canada has had in the United Kingdom. I take it, from the increase of $55,000, that the government is making some move in the direction of enlarging its advertising programme for the post-war period. Is the minister prepared to give a statement with regard to the details?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): This item is for publicity and advertising in Canada and abroad other than in the United Kingdom.

Mr. GRAYDON: That is what I said. Perhaps the minister was not listening. I said that there had been some criticism of the advertising in the United Kingdom, but that I believe was in connection with the estimates of the Minister of Agriculture. This, however, as I understand, is elsewhere than in the United Kingdom, and it is in that field that I should like to have the minister's statement covering the details.

Mr. MacKINNON (Edmonton West): The purpose of the vote is twofold. In the first place, one of its objects is to acquaint the Canadian public generally, and businessmen and executives particularly, with the services rendered by the Department of Trade and Commerce and to acquaint Canadian manufacturers and exporters with information in connection with shipping restrictions and quotas, both import and export. The second purpose, in coordination with the commercial intelligence service, is to create good will and to induce importers to study Canada as a potential market when peace has been declared. The regular weekly Canadian newsletter, which contains information respecting various Canadian activities, is distributed among trade commissioners wherever they are located, and in some cases it is translated by them into the language of the area in which they reside. In addition, a digest of reports from trade commissioners, entitled *Commercial*

Intelligence News, is distributed weekly throughout the dominion. Certain advertising is also placed in various publications throughout the year, both in Canada and abroad, exclusive of Great Britain. The appeal in this advertising is addressed almost exclusively to executives.

Mr. GRAYDON: Executives?

Mr. MacKINNON (Edmonton West): Yes. As regards advertising in Canadian newspapers, trade, industrial and financial papers and magazines, there is ample evidence throughout the world that exporting countries are giving serious thought to post-war markets. It is deemed advisable, therefore, that Canadian exporters should be informed during the coming year of opportunities which await them in the post-war period. Hence the need for an additional $15,000 to advertise in Canadian newspapers, trade, industrial and financial papers and magazines. In the pre-war period, 1939-40, this vote amounted to $70,000. As regards advertising abroad, exclusive of Great Britain, the increase in the vote is to provide for advertising in Latin-American countries should it be deemed opportune during the coming year. This fund will also provide for reprinting the *Handbook of Canada* in the Spanish and Portuguese languages. I may say that this last item was bound to be of great use in the other countries of this hemisphere and is being taken advantage of extensively.

Mr. GRAYDON: What is the purpose of advertising so extensively here? Would it not be better to advertise more in other countries if we expect to deal with those countries and to expand our trade to them? The minister might give some answer to that.

Mr. MacKINNON (Edmonton West): Of the $88,000, $50,000 is for use abroad.

Item agreed to.

344. Weights and measures inspection service, $428,950.

Mr. GRAYDON: How many prosecutions have there been under this service in the last year?

Mr. MacKINNON (Edmonton West): I have not the actual number, but there have been a substantial number of prosecutions in connection with light-weight sales.

Mr. GRAYDON: Do I take it that prosecutions have been on the increase?

Mr. MacKINNON (Edmonton West): They are being watched very carefully. Prosecution does not always follow. The particulars are gone into carefully to determine whether there is evidence of a deliberate attempt at short weight. In many cases carelessness results in underweight and sometimes overweight. But I do not think I can say there has been a tendency to an increase in the prosecutions, nor has the necessity for them increased recently.

Mr. PERLEY: How often do they inspect the scales in the elevators in western Canada?

Mr. MacKINNON (Edmonton West): An effort is made to inspect all those scales once a year.

Mr. PERLEY: How many inspectors are there west of Fort William?

Mr. MacKINNON (Edmonton West): This service is spread right across Canada with headquarters and substantial staffs in at least every capital city and in most of the major cities. I am informed there are 114 on this staff. I would have thought there were more than that.

Mr. PERLEY: That covers what year?

Mr. MacKINNON (Edmonton West): The staff is 114.

Item agreed to.

EXHIBITIONS AND PUBLICITY

345. Exhibitions, $91,622.

Mr. WRIGHT: At what exhibitions is the Department of Trade and Commerce providing displays at the present time? I notice in the details on page 187, of the estimates, under "London" there appears the following: "Exhibition decorators, grade 2: two at $2,040." I presume that is at London, England? I am wondering if there are any exhibitions carried on in London, England, at the present time and what this item covers.

Mr. MacKINNON (Edmonton West): In answer to the latter part of the hon. member's question with reference to London, at one time we had the head office of our exhibition commission in the city of London. That has been closed out since the war started and moved to Ottawa. We have a warehouse there which it is necessary to maintain, and for that reason there is a staff of three provided. According to London regulations there has to be some person in continuous charge of these establishments.

Mr. GREEN: In the particulars on page 187 there is an item which reads as follows: "Participation in exhibitions in Canada, United States and abroad, $50,000." Why is that necessary in war time?

Mr. MacKINNON (Edmonton West): The exhibition department has been fairly active

in various ways, although we did not spend anything like the amount asked for last year. During the past year we had the Canadian naval war exhibition which I think all hon. members saw in various parts of Canada. It was shown at the Chateau Laurier in Ottawa.

Mr. GREEN: Why is that not a war vote?

Mr. MacKINNON (Edmonton West): That was prepared by the exhibition department of the Department of Trade and Commerce for the Department of National Defence for Naval Services and in conjunction with that department. It was shown all across Canada. Then there was the Canadian war display at the Museau of Science and Industry at Rockefeller centre in New York city. There was a salvage exhibit prepared by the exhibition branch at the Royal York Hotel, Toronto, from June 8 to June 11. Similar exhibits were shown at Riverside park in Toronto and at Hamilton. There was a window installation in connection with the navy exhibit at the Canadian National terminal in Montreal.

Mr. GRAYDON: Is that for recruiting?

Mr. MacKINNON (Edmonton West): This was a naval exhibit. I suppose it would be for that purpose. Then there was a "Women-in-the-War" show at Hearns auditorium, New York city, the Victory Loan Indicator at Ottawa, the Rhode Island School of Design exhibit at Providence, Rhode Island, a Joint Armed Forces exhibit at Montreal.

Mr. GREEN: Are we exhibiting in Rhode island.

Mr. MacKINNON (Edmonton West): Yes.

Mr. GREEN: What for?

Mr. MacKINNON (Edmonton West): A very small item, just a matter of photographs.

Mr. GREEN: Would not most of that work be covered by the salaries paid to the men in the branch? I am asking about this item of $50,000 for participation in exhibitions in Canada, United States and abroad. I should like to know how much was spent last year and how it is proposed to spend $50,000 this year?

Mr. MacKINNON (Edmonton West): Between $16,000 and $17,000 was spent. The balance was left. We are asking for this larger amount this year on the possibility that if the war is over we may start in on an aggressive campaign as was done before the war.

Mr. GREEN: The year is nearly half over now.

Mr. MacKINNON (Edmonton West): No; a year in advance.

Mr. GREEN: Is that the only reason why this $50,000 vote is asked for, in the hope that the war will be over?

Mr. MacKINNON (Edmonton West): So that we shall have the money to proceed with this programme if and when the war is over.

Mr. GRAYDON: How much money was spent on the New York exhibit that the minister speaks of?

Mr. MacKINNON (Edmonton West): The Museum of Science and Industry display? The hon. gentleman just picked out the one item on which there was no expenditure during the past year. The work had been provided for before and had been carried on. There was no actual disbursement for that item last year.

Mr. GRAYDON: Is there any provision for this year?

Mr. MacKINNON (Edmonton West): Just the amount to be voted, if it is necessary. I am told that over half a million people saw this exhibit last year. If it is necessary to bring it up to date the money will be available.

Mr. GRAYDON: What kind of exhibit was it?

Mr. MacKINNON (Edmonton West): I have not seen it myself, but I am told it tells the story of the army, the navy and the air force; it tells the story of Canada's participation in the war.

Mr. GRAYDON: That is exactly what I suspected it would be. Why would that not be part of the programme of the wartime information board?

Mr. MacKINNON (Edmonton West): We have been pleased to be asked by various other branches of the government for the services of our exhibition branch which consists of experienced men whose work is somewhat reduced for the time being. We are glad to have them do work for those other branches on exhibits during the slack period. I think the work is being done for other branches of the government.

Mr. GREEN: Has the government no set plans for spending any of this $50,000?

Mr. MacKINNON (Edmonton West): I am told that there is a possibility of exhibits being shown in United States and in Latin-America, but our participation in them will depend on how soon the war is over. At the present time there are just actual plans for exhibits at the Medical and Surgical Exhibit of the Army, Navy and Royal Canadian Air

Force, the Merchant Marine Exhibits and various other exhibits which are in course of construction.

Mr. GREEN: How much are those going to cost?

Mr. MacKINNON (Edmonton West): I have not the figures on that, but it is only a small part of the amount being asked for. The amount we are asking for this year is to take care of the possible exhibits that we shall be able to put on.

Mr. GREEN: Does the minister not think this would be a good place to save $50,000?

Mr. MacKINNON (Edmonton West): No, I do not. We are not going to spend it unless we need it. We held over $33,000 of it last year, and I can assure the committee that each item will be very carefully considered.

Mr. GREEN: It seems to me that might have been cut to $15,000 this year.

Mr. MacKINNON (Edmonton West): Not very well.

Mr. ROSS (Souris): The minister says that $17,000 was spent last year.

Mr. MacKINNON (Edmonton West): Yes.

Mr. ROSS (Souris): And that it was for advertising the armed services.

Mr. MacKINNON (Edmonton West): And other items I have mentioned.

Mr. GRAYDON: Of course, a lot of that advertising in connection with the armed services would be connected with the costly recruiting scheme we have in Canada, would it?

Mr. MacKINNON (Edmonton West): I am told it has nothing to do with Canadian recruiting.

Mr. GREEN: The estimates for the Department of Trade and Commerce have been increased by several hundred thousand dollars in the present fiscal year. Why is that? Surely that should not be so.

Mr. MacKINNON (Edmonton West): To a large extent the Department of Trade and Commerce is a peace-time department. But to an extent not realized by many people this department has been actively engaged in various branches of war work. We are asking for a great deal more money this year on account of the expansion we have planned, and are putting into effect, in connection with various branches of the department. In one item there is an increased expenditure for next year of over $300,000. That is for the enlargement and extension of trade commissioner services. I mention only that one item, in passing.

Mr. GREEN: Why is there that increase?

Mr. MacKINNON (Edmonton West): To provide for the appointment of additional trade commissioners in various parts of the world, to strengthen trade commissioner offices in centres where they are now established, and to provide in the department for specialists. In the commercial intelligence branch we have at the present time four commodity men who deal with exports in connection with certain commodities. We are setting up a staff of seven or eight additional experts in these commodity lines, decentralizing the work, and increasing the staff so as more properly to take care of the expanding trade we hope to have.

Mr. GREEN: Is that not again dependent upon the war ending? Many of our trade commissioners have had to be called in, because of countries being occupied. Is not that extension dependent entirely upon the war's being over?

Mr. MacKINNON (Edmonton West): No, it is not. We would be subjected to keen criticism if we waited until the war was over before laying our plans. Our competitors, including the mother country and the United States, have enlarged their similar services in all parts of the world, and particularly in this hemisphere. In countries of Latin-America that is particularly so. For instance, in Chile we have a staff of eight, while the United Kingdom has 250 and the United States, 400 or 500. If there is any criticism which could be leveled at the Department of Trade and Commerce it is that we have not at an earlier stage sought more money for the extension of this service.

Item agreed to.

346. Publicity and advertising in the United Kingdom, $17,320.

Mr. JACKMAN: Would a subject such as the possibility of exporting Canadian bacon and other products to Great Britain after the war come under the Department of Trade and Commerce, or is that a responsibility shared jointly with the Department of Agriculture? Then, what is the Department of Trade and Commerce doing to make an analysis of the British bacon market before the post-war period?

Mr. MacKINNON (Edmonton West): I think my colleague the Minister of Agriculture answered that question when the estimates of his department were before the committee.

Mr. JACKMAN: Whose responsibility is it?

Mr. MacKINNON (Edmonton West): At the present time British bacon requirements are being taken care of by an arrangement or an agreement between this government, through the Department of Agriculture, and the British government. That covers total bacon requirements from Canada. The Department of Trade and Commerce is not at the present time arranging for any special publicity or advertising in connection with the use of Canadian bacon.

Mr. JACKMAN: Would it be the responsibility of the Department of Trade and Commerce or of the Department of Agriculture to endeavour to find a market for our bacon in the post-war period?

Mr. MacKINNON (Edmonton West): The Department of Trade and Commerce would ordinarily find a market; but in this case the market has been arranged for with the United Kingdom.

Mr. JACKMAN: It has been arranged for the period of the war, when we have a ready market for all possible bacon we can send. But if we are to keep our agricultural economy up to any reasonable standard, and particularly in the western provinces—including Alberta, which has become the greatest hog-raising province in Canada—we must ensure to the farmers of this country a fairly substantial proportion of the British bacon market after the war. I do not think we are too early in seeking to lay a foundation for that market, and I think the least that could be done by the Department of Trade and Commerce would be to make an analysis of the best means of retaining, let us say a proportion to the extent of 500,000,000 pounds of the 1,300,000,000 pounds that Great Britain normally uses. If we find that Danish competition comes in and ousts the Canadian farmer from the market there will be considerable hardship in Canada among those farmers who at the present time are receiving substantial incomes from hog-raising.

I suggest, therefore, that the minister should see to it that everything possible is being done to secure that market, and that he should make an appropriation sufficient to see that the idea is carried out. May I suggest, too, that inasmuch as some of the money for such analysis would be spent in Great Britain, the expenditure of that money, which would be in sterling, would not cost Canada anything, because of the large amount of sterling we must write off from year to year. Surely in view of the service we are now rendering toward feeding the people of Great Britain we are entitled to make a survey and to find out what we can do to retain a fair proportion of that British bacon market.

Mr. MacKINNON (Edmonton West): I am not sure whether the hon. member realizes that as much bacon as can be shipped from Canada is being shipped—

Mr. JACKMAN: At the present time.

Mr. MacKINNON (Edmonton West): Yes, at the present time, and for two years hence. That arrangement has been made. The Minister of Agriculture is not in his seat at the moment, and I am not just sure whether it is to apply for two years after the termination of the war, or two years hence.

Mr. JACKMAN: It is two years from now.

Mr. MacKINNON (Edmonton West): Before the war an extensive programme along this line had been conducted by the Department of Trade and Commerce, but that ceased when the war commenced. The necessity for or the usefulness of it ceased at that time. It is possible, of course, that it may be resumed, at which time the hon. member's remarks will receive due consideration.

Mr. PERLEY: The department has no representative in the United Kingdom, so far as I can learn from the details as set out at page 187 of the estimates. It is pointed out there that there are three clerks only, and the remainder of the sum is for publicity. I find that $15,700 is for publicity, and that there is no representative in the United Kingdom.

Mr. MacKINNON (Edmonton West): On publicity, no.

Mr. PERLEY: What is the form of publicity?

Mr. MacKINNON (Edmonton West): The $15,700 is detailed as follows: First, an item of $1,700 for the maintenance of the Canadian court at the Imperial institute. That is the donation we make to that society. Then we make a donation of $1,000 to the Scottish Building Centre. We spent about $7,500 in advertising in *Canada's Weekly*, and $5,000 in general publicity. Office expenses amounted to $500, making a total of $15,700.

Mr. PERLEY: It is principally ads in newspapers; there are no pamphlets for distribution or anything like that?

Mr. MacKINNON (Edmonton West): Our trade commissioner's staff in the old country look after this. There is no special item of salaries chargeable to this vote except for one stenographer.

Mr. ROSS (Souris): Following the minister's statement with regard to bacon, I wonder if he can say anything about shipments of beef. I understand that recently a contract was negotiated with the United Kingdom for the shipment of beef. I had some doubts about this and I notice from the press that the fly in the ointment is the matter of cold storage space for shipment. I have never been able to see how we could ever maintain a market in Great Britain for our beef unless we had sufficient cold storage space. Can the minister give us any information he has in connection with the shipment of frozen beef to Great Britain in the near future?

Mr. MacKINNON (Edmonton West): That is a matter I shall have to discuss with the officials of the department. The remarks I made regarding bacon will apply pretty well to beef. My understanding is the Department of Agriculture has effected a similar agreement in connection with beef, but I am not in position to comment at the moment upon the point raised by the hon. member for Souris.

Mr. WRIGHT: Is the Canadian government responsible for the arrangements of shipping space on these products, or does the British government make the arrangements?

Mr. MacKINNON (Edmonton West): The British government. It is taken as from Canada.

Item agreed to.

347. Dominion bureau of statistics—administration, $92,525.

Mr. KNOWLES: Will the minister give some explanation for the increase in this vote for administration? Since we are dealing with administration, perhaps I may ask a question with respect to the next item. There is an increase of $119,755 in that item, and I think other hon. members as well as myself will be interested in knowing what is involved in the connection with the Inter-American Statistical Institute.

Mr. MacKINNON (Edmonton West): This increase in administration is largely due to the demands made upon the bureau by various departments.

Mr. KNOWLES: In connection with the war?

[Mr. Perley.]

Mr. MacKINNON (Edmonton West): In connection with the war. It is largely the wartime prices and trade board.

Mr. KNOWLES: In a sense it should have been a war vote.

Mr. MacKINNON (Edmonton West): The Inter-American Statistical Institute was started some four years ago, and the bureau of statistics thought it would be of great benefit to belong to it, both from the practical point of view and from the point of view of international relations on this hemisphere. There are branches in Latin-America and they were anxious for Canada to be represented. About fourteen American countries are members.

Mr. JACKMAN: Has the bureau a statistician collecting figures on the national income as opposed to the figures collected by the Bank of Canada or the Department of Finance?

Mr. MacKINNON (Edmonton West): We have a capable man now, but we are getting a man more experienced in financial statistics.

Mr. JACKMAN: There is no change as compared with last year?

Mr. MacKINNON (Edmonton West): I am told that the appointment is pending and may be made within a week or so.

Mr. MARSHALL: Throughout the auditor general's report mention is made of considerable amounts of money that are paid to the International Business Machine company of Toronto for the rental of machines. According to the auditor general's report for 1943 the Department of Trade and Commerce paid the International Business Machine company of Toronto $45,562 in one instance and $23,250 in another. If different branches of the government find it necessary to spend such large sums of money I would think it would be more profitable for the government to purchase these machines outright and service them themselves. Has the minister considered any such scheme? I notice on page Y-19 of the auditor general's report for 1943 the following under "comments":

Includes payments to F. Belisle and J. T. Richard for royalties on tabulating machines, $2,400.

I think an item of this sort requires an explanation from the minister.

Mr. MacKINNON (Edmonton West): I am informed that it is not possible to buy these machines outright from the holders of the patents. They can only be rented.

Mr. MARSHALL: What type of machines are they?

Mr. MacKINNON (Edmonton West): They are known as the Hollerith machines, which are used extensively in census work and work of that kind. Just recently, through the treasury board, a survey was made in all branches of the government using these machines to see if there was a uniform price for all contracts, and that survey is, I believe, still in progress.

Mr. MARSHALL: What about my other question as to paying royalties?

Mr. MacKINNON (Edmonton West): If a man makes an improvement to the machine he receives in royalties a certain percentage of the cost of the machine. That is to repay him for his diligence and his expertness in developing labour saving devices. The remuneration in all these cases is fixed by the commissioner of patents.

Mr. MARSHALL: Is this the only instance where royalties are paid for this kind of work?

Mr. MacKINNON (Edmonton West): It is the only case in this department, but the system is followed to quite an extent in the national research council.

Item agreed to.

348. Statistics, including contribution to the inter-American Statistical Institute, $1,225,800.

Mr. PERLEY: I hold in my hand the "Monthly Review of the Wheat Situation", issued by the department. What does it cost the department to get this out, and how wide is its distribution?

Mr. MacKINNON (Edmonton West): It is not printed but mimeographed; technically it is known as roto printing. I shall be glad to get the information for the hon. member as to the cost and give it to him either in the house or personally.

Mr. PERLEY: I was just wondering how widely it was distributed and what it costs to produce.

Mr. MacKINNON (Edmonton West): Approximately 3,000 copies are printed, and there is a fairly wide distribution, taking into consideration that it goes only to those interested in wheat.

Mr. PERLEY: It is only distributed in Canada?

Mr. MacKINNON (Edmonton West): And to a certain extent outside Canada, to international organizations interested in wheat.

Item agreed to.

349. Census of population, $592,705.

Mr. ROSS (Souris): I do not know whether my question properly comes under this item, but I notice on page 189 of the estimates details in connection with the cost of taking the census in 1941. Would the minister tell us what steps would have to be taken to recognize Canadian citizenship in the taking of the census? During the discussion of the estimates of the Department of National War Services we had a lengthy debate on an item for the development of cooperation in Canadian citizenship. Under another department, the department of immigration, those entering this country and desiring to be naturalized are dealt with. Then the census is taken under the Department of Trade and Commerce, and in the census only racial origin, not Canadian citizenship, is recognized. I have thought for many years that something should be done by the government to recognize Canadian citizenship. Had we done that in past years we would not have many of the difficulties which we have to-day, and the difficulties leading to disunity in this country might have been avoided if we had recognized Canadian citizenship. I have pointed out in past discussions in this house that United States citizenship has been recognized in that new and cosmopolitan country to the south of us. Would the minister tell us what steps would have to be taken to recognize Canadian citizenship in Canada, and whether so far any steps have been taken to coordinate the work of the various departments dealing with naturalization, racial origin and citizenship?

Mr. MacKINNON (Edmonton West): Possibly the hon. member is mixing Canadian nationals and racial origin. Through the census we secure the number of Canadian nationals.

Mr. ROSS (Souris): What do you mean by Canadian nationals?

Mr. MacKINNON (Edmonton West): The number of people who are legally Canadians by birth or naturalization. In the census, figures are taken as to their racial origin.

Mr. ROSS (Souris): Perhaps the minister will explain what constitutes a Canadian citizen in the taking of the census.

Mr. MacKINNON (Edmonton West): There is a special act of parliament which defines what a Canadian national is.

Mr. ROSS (Souris): What act is it? I find all across Canada people who do not appreciate our not recognizing Canadian citizenship.

Mr. MacKINNON (Edmonton West): I am sure that the Secretary of State would give my hon. friend a copy of the act.

Mr. GREEN: Perhaps he could answer the question.

Mr. McLARTY: I am not sure that I caught the question. I think it referred to taking the census. Citizenship was described not as qua Canadian but qua country of origin. Of course, when we conferred Canadian citizenship in 1914 we conferred nationality not only in Canada, but throughout the commonwealths of the empire. The old from of naturalization papers had application only to Canada. Since 1914, however, they are recognized and have a nationality which extends to all the commonwealths within the British commonwealth of nations. I am afraid that does not give the clear explanation which has been referred to, why a person is described as, perhaps, a Ruthenian in the census, but I am afraid I cannot give any clearer explanation than that.

Mr. ROSS (Souris): What I want to know, first of all, is whether a citizen can be recognized as a Canadian, and, if so, what constitutes, not a British subject, but a Canadian citizen.

Mr. McLARTY: If I am correct in my recollection, there was a statute known as the Canadian Nationals Act, passed approximately in 1922. I should not like to give a definite answer about it. I did not expect to participate in this discussion. I think, however, the Canadian Nationals Act gives a clear definition.

Mr. ROSS (Souris): Can the Minister of Justice clear it up? It is a question which is raised all across Canada to-day. I do not want to hold up the estimates, but I should like to have this point cleared up, because a good many people do not appreciate that Canadian citizenship is recognized as such in this country to-day.

Mr. ST. LAURENT: I recently looked at the act which is called the Canadian Nationals Act. I think it is unsatisfactory, and it will be desirable to have something more specific in that connection to determine just what is a Canadian national, how that qualification is acquired, and what it means.

Mr. ROSS (Souris): The point is that the question should be determined before we have another census, and provision made whereby such Canadian citizenship can be recognized.

Mr. ST. LAURENT: I believe you will find that a Canadian national is a British subject who happens to be residing in Canada.

[Mr. J. A. Ross.]

Mr. KNOWLES: I am surprised that there has been so much confusion about this matter since the last census The difficulty may be the failure of the authorities to give sufficient publicity to what was the case so far as that census was concerned. I was not a member of parliament at the time the census was taken; I submitted myself for employment in connection with that work as an enumerator, and I have a vivid recollection of this point. Among the many columns on that broad sheet we enumerators went around with were the two specific columns which are under discussion now: the one was headed, "Racial origin," the other was headed "Nationality." Apparently more attention has been attracted to that column, "Racial origin" in which I, for example, who have thirteen generations of forebears on this side of the water, put down "English"; but in the column, "Nationality," Canadian was definitely the term that was not only accepted and recognized but demanded by the regulations which were supplied to the enumerators who went out on that job. The question as to who qualifies as a Canadian has already been referred to by the Minister of Justice when he said that a Canadian is a British subject who is five years domiciled in Canada. I recall cases of people whose domicile formerly had been England, who had not been in this country for five years, and were put down as English so far as nationality is concerned. A person born in England who had been here more than five years was put down as a Canadian There was no reference on the census sheet to "British subject"; in the matter of nationality it was English, Canadian, American, or what have you. My contention is that the regulations for the taking of the census on this point are satisfactory. I only hope that the confusion which has existed can be cleared up by more publicity being given to the fact that what the hon. member for Souris is rightly asking for is already the case. There is such a thing as Canadian citizenship, Canadian nationality, but even after that has been established one can hardly get away from the fact that if he goes back far enough he has a racial origin which is something other than Canadian, unless he happens to have the honour of being a full-blooded Indian.

Mr. REID: I think there is a great deal in what the hon. member for Souris has said. The question is not clear at all, and those of us who were born in the old country find that out when we cross to the United States; no matter how long you have lived in this country, if you were not born here, when you enter the United States you are looked upon

as a citizen of the country in which you were born; and I have always been a little incensed in crossing the line, because personally I have been residing in Canada longer than I lived in Scotland. I remember crossing the line three years ago, and when the United States immigration officer said, "What nationality are you?", I straightened out a little and said, "I am a Canadian." He said, "Oh, no; not with a tongue like that." Be that as it may, the fact remains that the Canadian national is not recognized by other countries; the matter has not been made clear, and I am very glad to hear the Minister of Justice say that he will take note of the act and have it brought up to date. I want to associate myself with the views of the hon. member for Souris.

Item agreed to.

Mail subsidies and steamship subventions—
Atlantic ocean.
351. Canada and South Africa, service between, $100,000.

Mr. MARSHALL: Will the minister state whether any sum was paid out of this vote last year? I note that in the report for the year ended March 31, 1943, it is shown that not a penny of this vote was used. Was any sum expended last year, and, if so, what was the amount?

Mr. MacKINNON (Edmonton West): We did not need it last year, because there was not any of that shipping on account of the war. The vote is there in the event that we shall need it in this coming year.

Mr. GREEN: Are there any ships out?

Mr. MacKINNON (Edmonton West): Canadian government ships are operating on that service at the present time.

Mr. GREEN: There will be no subsidy this year either?

Mr. MacKINNON: No.

Item agreed to.

Mail subsidies and steamship subventions—
Western local services.
352. Prince Rupert, B.C., and Queen Charlotte islands, service between, $22,000.
Vancouver and northern ports of British Columbia, service between, $15,000.
Victoria, Vancouver, way ports and Skagway, service between, $10,000.
Victoria and west coast Vancouver island, service between, $10,000.

Mr. JACKMAN: Was there an actual expenditure last year?

Mr. MacKINNON (Edmonton West): Yes.

Mr. JACKMAN: On all these items?

Mr. MacKINNON (Edmonton West): Yes.

Mr. JACKMAN: Are any services receiving subventions from the dominion which also receive subventions from any of the provinces?

Mr. MacKINNON (Edmonton West): Some of the Nova Scotia services receive small subventions from the province.

Item agreed to.

Mail subsidies and steamship subventions—
353. Eastern local services, $740,540.

Mr. BLACK (Cumberland): Has the department taken any steps to restore the ferry service between Parrsboro, Kingsport and Wolfville, which has been in operation for forty years. It was contributed to by the provincial and the federal governments in equal amounts. A special boat was built and named after these three towns, ports of call. That boat was known as the Kipawo—representing a combination of the names Kingsport, Parrsboro and Wolfville—and I understand it was the only service for which subsidy was discontinued in all Canada. There has always been urgent necessity for that service, but that necessity has been greater in the last few years because of the difficulties in operating motor vehicles—rationing of gasoline and the difficulty of getting tires. The distance by motor is about 150 miles and by the water fifteen miles. Military camps, naval stations and air fields are stationed in this territory, and the service is required by them in addition to the usual traffic. When it was discontinued strong representations were made to the minister from the towns affected as well as the government of Nova Scotia, that the subsidy be revoted and the service continued. There was considerable criticism on the part of the people who are interested in Cumberland and the county of Kings and in the Annapolis valley, and there was criticism of the Minister of Finance, whose constituency was served. Many people in Nova Scotia felt that the minister did not show that interest which the conditions warranted in seeing that this service was continued. I should like to hear from the minister as to whether the department has plans for the restoration of the service and whether he considers that it was a proper decision to make in refusing to renew the vote a few years ago, in view of the protests made by the people of the towns concerned as well as by the government of Nova Scotia, which contributed fifty per cent of the subsidy and made a request of the government that the service be continued. I should like to have a statement from the minister.

Mr. MacKINNON (Edmonton West): I remember very well the circumstances in connection with the cessation of the service. I am told that the vessel was used largely for

the carrying of automobiles and tourist traffic, but in any event it was taken over by the government for war purposes. I do not think I have had a complaint, or a request from any source for the resumption of the service, but if there were I doubt whether a boat could be secured at the present time. We have had very great trouble in getting boats for similar services.

Mr. BLACK (Cumberland): But that boat was built especially for that service and it was named after the three towns.

Mr. MacKINNON (Edmonton West): It was taken over for the war purposes.

Mr. BLACK (Cumberland): Where is it operated now?

Mr. MACDONALD (Kingston City): It was taken over by the Canadian navy.

Mr. BLACK (Cumberland): Can the Minister of National Defence for Naval Services inform me what service it is engaged in now?

Mr. MACDONALD (Kingston City): I do not know where it is at the moment. For some years it has been performing some function in the Canadian navy somewhere on the Canadian coast; I do not know exactly where.

Item agreed to.

Canada Grain Act—

354. Administration, $100,950.

Mr. BURTON: I presume the operation of the wheat board is not under this vote?

Mr. MacKINNON (Edmonton West): No.

Mr. BURTON: How does the operation of the wheat board work in with the minister's department? Does it make the work of the department easier, or is there more work by reason of it? I am sorry that the opportunity is not available at present to discuss the operations of the wheat board, but I realize that it is not involved in this vote. However, I should like to know how the two work together, whether the operations of the wheat board have facilitated the work of the department, or whether it involves more work?

Mr. MacKINNON (Edmonton West): I am advised that the operations of the wheat board do not in any way necessarily add to the work of the board of grain commissioners.

Mr. PERLEY: Are we to have an opportunity at all of asking questions about the operations of the wheat board?

Mr. MacKINNON (Edmonton West): Recently we had a meeting of the agriculture committee at which we had officials of the wheat board and they were closely questioned. I do not think that can be pursued under this item.

Mr. PERLEY: But since the meeting of that committee order in council P.C. 7942 has been passed. I was going to ask whether, after the conclusion of this estimate for the Canada Grain Act, the minister would make a statement or allow one or two questions with regard to the other matter.

Mr. MacKINNON (Edmonton West): I do not know whether I shall make a statement, but I shall be glad to see that the hon. member has an opportunity to ask any questions.

Mr. PERLEY: The minister knows about the order.

Mr. ROSS (Souris): I understand that the grain commission is responsible for the setting of handling charges—elevator charges for storage and general handling charges—and I would ask the minister whether under the act it is necessary that the commissioners receive an application before they can alter the charges or whether they do it on their own, without having received an application to that effect.

Mr. MacKINNON (Edmonton West): They can do it on their own initiative.

Item agreed to.

Canada Grain Act—

355. Operation and maintenance, including inspecting, weighing, registration, etc., $1,596,736.

Mr. PERLEY: On page 191 of the estimates giving the details it is seen that there has been a considerable increase in the number of samplers, some thirty-three, and the figure is $45,000. Will the minister explain that increase in the number of samplers? They have almost doubled.

Mr. MacKINNON (Edmonton West): It is due to the greater movement of grain and many of these samplers are temporary, handling the increased movement.

Mr. PERLEY: Why do you say: "greater movement of grain?" From time to time the same number of bushels of grain are being marketed, or comparatively the same number. There may be a difference in some years. Why do you need almost double the staff this year as compared with last year?

Mr. MacKINNON (Edmonton West): I am advised there was a considerably larger movement last year than there was the year before.

Mr. WRIGHT: I believe that the two railway companies have asked that cars loaded with grain be loaded to capacity. As a result there is a large number of cars going through the Winnipeg yards out of which the grain samplers are not able to obtain a true sample, and the inspection is made at the head of the lakes. Has the minister the number of cars in which this has taken place, where they were not able to make the inspection at Winnipeg and it had to be made at the head of the lakes; also the number of cars in which a reinspection was called because of the unsatisfactory inspection at Winnipeg and the number of cars in which the grade was changed at the head of the lakes because of the calling for this reinspection?

Mr. MacKINNON (Edmonton West): I am informed that in all cases a sample is taken at Winnipeg; but in many cases the car is of necessity loaded so full that a proper sample cannot always be taken. Each car is again sampled at the head of the lakes and the two samples compared. I am informed that rarely is there very much difference in the samples.

Mr. WRIGHT: If there are a number of cases where a reinspection has been called for and a change in the grade has been made at the head of the lakes, that information should be available.

Mr. MacKINNON (Edmonton West): In the crop year 1941-42 there was a reinspection made of 585 cars; in the crop year 1942-43 there was a reinspection of 577 cars. In the crop year 1941-42 the grade was raised on ninety-one cars; in the crop year 1942-43 the grade was raised on seventy-seven cars. In the crop year 1941-42 the grade was lowered on two cars, and in the crop year 1942-43 the grade was lowered on one car.

Mr. BURTON: To-day are not all terminals equipped with automatic samplers?

Mr. MacKINNON (Edmonton West): Yes, that is correct.

Mr. BURTON: Has it not been proven that that is a more satisfactory way of getting a correct grade than the probing system? I have been given to understand that the automatic sampler installed in the terminals has proven satisfactory. If that is the case why continue the two systems of taking the samples?

Mr. MacKINNON (Edmonton West): The question the hon. member has just asked has been anticipated, and I may say that the shipper wishes to have information with respect to grade as soon as possible. That is why a sample is taken at Winnipeg. This enables him better to dispose of his grain and also to protect himself with regard to grade. Many cars are too full to sample at Winnipeg and must be sampled at the unloading point.

Item agreed to.

Canada Grain Act—

356. Canadian government elevators, including equipment, $364,557.

Mr. PERLEY: How many government-owned elevators are the government operating, and how many have they under lease? Are there any changes in the terms of leases for the following year? Before the minister answers those questions may I say that I notice on page 192 of the estimates under the heading, "Lands, buildings and works," that there is a considerable decrease. Why is there a decrease of some $80,000? While we were on the previous item I made a computation of the employees. I find there are 610 employees in these three branches. That is quite a large number of employees to carry on the business of the Grain Act. They do not operate many grain elevators. Would the minister give us a statement with respect to the number of elevators, the number under lease and the changes, if any, in the leases and why there are so many employees?

Mr. MacKINNON (Edmonton West): It is a little difficult to follow all the questions, but I shall start out and answer the first two questions, in any event. The management and operation of the Canadian government public terminal elevators at Saskatoon, Moose Jaw, Lethbridge, Edmonton, Calgary and Prince Rupert are under the Canadian government. The elevator at Port Arthur, Ontario, has been leased to a private firm, and the renewal of that lease is being considered at the present time.

Mr. PERLEY: On the same terms?

Mr. MacKINNON (Edmonton West): No. I can give the hon. member some information along that line. The principal variation as between the two leases is in the matter of responsibility for maintenance costs. I am speaking of the lease that is in existence now and the lease that is in process of negotiation and pretty nearly concluded. The current lease provides in clause 1 (b) that the lessee will:

> Keep the demised premises, including the said buildings, terminal separators, machinery, erections, fixtures, tools and other equipment and appurtenances in good and substantial repair, working order and condition, and from time to time replace, renew and reinstate any parts thereof which may become broken, lost, or unfit for use, reasonable wear and tear, and damage by fire, lightning, tempest, flood, explosion or unforeseen events occurring through the act of God only excepted.

Mr. PERLEY: What is the gross rent paid annually?

Mr. MacKINNON (Edmonton West): I had better continue with this. Further, by paragraph 2 (b) the lessor covenants to:

Make and pay for all major repairs and replacements not necessitated through the negligence of the lessee or its employees.

These two clauses are somewhat at variance and left some doubt as to the responsibility of the lessor and lessee to make various repairs and replacements which became necessary from time to time. The proposed lease, paragraph 5 (2), obligates the lessee to:

Maintain and repair in a proper and workmanlike manner machinery and/or equipment of the lessor installed or which may hereafter be installed.

Paragraph 8 requires the lessee to spend on repairs during the five-year term of the lease $25,000 in the aggregate and not less than $2,000 in each year of the said term.

The lease further provides, paragraph 7 (b) that the lessor will:

Keep the said elevator and other property referred to in schedule "A" hereto attached, in a good state of repair.

Schedule A includes all buildings, except temporary annex and feed warehouse, all railway tracks, except the spur track running from No. 1 track past the feed warehouse to the bag conveyor, dust collectors—not including motors—except those listed under schedule B which are the property of the lessee.

I may say that a very great deal of work has been put on this lease, and we have been considering it for a considerable time. We advertised the warehouse for lease, and received one tender. We have been negotiating with the tenderer for some weeks.

Item stands.

Progress reported.

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

Tuesday, July 25, 1944

The house met at eleven o'clock.

ALASKA HIGHWAY

FURTHER REPORT AS TO DESTRUCTION OR ABANDONMENT OF STORES.

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I should like to direct the attention of the government, and particularly of the Minister of Mines and Resources (Mr. Crerar), under whose department I think this matter would come, to a Canadian Press dispatch from Vancouver which appeared in the morning papers. This relates to a matter which was referred to in the house on a previous occasion, namely, the report that certain stores and commodities used in the construction of the Alaska highway by the United States government have been destroyed.

On July 10, as reported on page 4648 of *Hansard*, the Prime Minister (Mr. Mackenzie King) gave an answer to a question asked by the hon. member for Rosetown-Biggar (Mr. Coldwell). His answer was as follows:

Since notice of the question was given, inquiries have been made through the special commissioner for defence projects in northwest Canada. The special commissioner has informed the government that investigations do not reveal that usable stores and equipment are being destroyed or abandoned as reported.

I think the house took that as a final answer in connection with the matter. But to-day the matter breaks out afresh. I want to ask the government if they will provide an answer—I do not suggest that it can be done to-day—to this question. First of all, it appears in the press dispatch that the Federal Bureau of Investigation of the United States is now threatening to prosecute some Canadian nationals or citizens in the Alaska highway area. I would like to know whether or not that is possible, or whether it is by arrangement between this government and the United States government.

Mr. CRERAR: What is that based on?

Mr. GRAYDON: Perhaps, Mr. Speaker, if you would allow me to transgress the rules sufficiently to read a paragraph or so of this news dispatch, I could do so. It is very important.

An hon. MEMBER: We have all read it.

Mr. GRAYDON: Some hon. members may have read it, but there are two hundred or so members, and perhaps my hon. friend would not mind my reading it for their benefit. He does not need to listen. The article reads:

The Vancouver *News-Herald* said to-day in a newspaper story date-lined Dawson Creek, British Columbia, that residents of the Peace River district who have been combing United States army dumps to recover stores allegedly discarded, "face the threat of prosecution by the United States federal bureau of investigation."

"Prosecution of settlers for having American made goods in their possession was launched in two instances," the *New-Herald* said, "but it failed for lack of evidence the goods were stolen."

Then it goes on to say:

"The amount of usable stores here is tremendous. The American authorities want to get rid of them, but Ottawa says no," the paper said, quoting a sworn statement.

And again:

American authorities are bound by an agreement under which the goods were brought in duty free for the highway construction, it added. Lack of transportation and high costs prohibited removal of most of the goods back to the United States.

I bring this matter to the attention of the government in order that they may be able to provide a satisfactory answer to the points I have raised.

Mr. M. J. COLDWELL (Rosetown-Biggar): May I just say this one word? This matter should be investigated. I have just come back from that area, and some ugly stories are being told of the destruction not only of equipment of this type but of tractors, bulldozers and all kinds of things. As this dispatch states, the onus has been placed on Canada because of our refusal to allow these goods to remain here because no duty was paid, and the cost of shipping them out of the country being too great. That is the story that is told, and I think it should be investigated.

Mr. CRERAR: Who is placing the onus on Canada?

Mr. SPEAKER: Order. The hon. leader of the opposition (Mr. Graydon) has, as he himself has said, transgressed the rules in asking his questions regarding a newspaper statement. If any member asking a question on the orders of the day based on a newspaper statement wished to identify himself with the truth or accuracy of the report, then of course he would be in order, but simply to read reports from newspapers and make statements about them is clearly outside what is permissible on the orders of the day. I would suggest that hon. members paraphrase what is contained in a newspaper statement or give whatever information they may have regarding it or whatever authority they have for its accuracy. But the minister may reply if he wishes to.

Mr. GRAYDON: Mr. Speaker, I asked for the consent of the house to transgress the rules, and I did not transgress without that consent.

Mr. SPEAKER: The house has recognized, and I have always recognized, that the leader of the opposition should be allowed more latitude than is accorded probably to any other member because of the very fact of his position. But when the leader of the opposition takes upon himself the responsibility of transgressing the rules, even with the consent of the house, I would draw to the attention of all hon. members the fact that no member is allowed to transgress the rules, and I state that rule now for future guidance.

Hon. T. A. CRERAR (Minister of Mines and Resources): Mr. Speaker, if I might be permitted a word, I have just now been handed a document relating to this matter, which I have not yet had a chance to look through, but if I understand the situation aright, the stores mentioned were owned by the United States authorities and were under their control, and I am at a loss to know in what way the Canadian government could have interfered with their disposition. I have just glanced over this document sufficiently to learn that the United States authorities apparently indicate that these stores were either infected goods, blankets and the like, or food that was unusable. Whether that is correct or not I do not know.

Mr. GRAYDON: Bulldozers would not be infected.

Mr. CRERAR: Just a moment. I did not interrupt my hon. friend. He is pretty good at interrupting; I sometimes think he is the official interrupter.

Mr. GRAYDON: No, I would not like to take that honour from my hon. friend over there.

Mr. CRERAR: It is well to keep in mind this fact, that these goods were not Canadian goods and were not under the control of the Canadian authorities. It is a question of how far the Canadian authorities would be justified in interfering. I shall bring the facts to the attention of the Prime Minister and perhaps on Thursday he will be able to make a statement.

FARM PRICES

PROVISION FOR STABILIZATION, PURCHASE OF STAPLE PRODUCTS AT APPROVED PRICES, ETC.

Hon. J. G. GARDINER (Minister of Agriculture, moved that the house go into committee to consider the following resolution:

That it is expedient for the purpose of supporting farm prices during the transition from war to peace to introduce a measure to establish a board with authority to purchase through agents or otherwise, staple agricultural products at prices recommended by the board and approved by the governor in council, or to make such payments in respect of staple agricultural products as may be necessary to bring average returns to producers up to the prices so approved, and to give the board such powers as may be necessary for the handling and dis-

position of products purchased; and further to provide for the appointment of such officers, clerks and employees as may be necessary;

To provide further that the governor in council may authorize from time to time payments out of unappropriated moneys in the consolidated revenue fund, up to an aggregate of two hundred million dollars, for expenditures under the said measure, exclusive of administrative expenditures; that there shall be a special account to which all expenditures under the said measure, other than administrative expenditures, are charged, and to which all receipts from the sale or disposition of agricultural products shall be credited, which receipts shall be available in the account for subsequent expenditures provided that the net realized profits in the account in any fiscal year shall be credited to the consolidated revenue fund and any net realized loss in the account in any fiscal year shall be recouped to the said account from an appropriation by parliament for the purpose.

Mr. COLDWELL: Was it announced last night that we would go on with this?

Some hon. MEMBERS: No.

Mr. COLDWELL: This is a very important resolution. I ask, was it announced last night that we would go on with this this morning?—because we should come prepared to say something on it.

Mr. GARDINER: I have no desire to press the resolution, but the general practice in connection with resolutions of this kind is to get along to the point where we can have the bill before us. I think it would be much better to have the resolution dealt with and the bill printed and distributed before a discussion takes place on it, and I should like to advance the resolution so that we can get that done.

Mr. COLDWELL: I am not objecting to that, but I do suggest that an outline of the business of the house should be given overnight so we may know what is coming. While it is true that this is on the order paper, yet other matters were to be discussed to-day. I have no objection; I think the minister is right, that the resolution should be advanced; but I protest against something being brought in this morning which was not mentioned last night as included in the business of to-day.

Mr. CRERAR: It was intended last evening to proceed with the bills standing in the name of the Minister of Finance, but objection has been taken on the ground that they were not distributed. We are now sitting from eleven o'clock in the morning until eleven o'clock at night; and a very heavy additional burden is thus imposed on the printing office. In the general effort to expedite the business of the house I am sure that hon. members will take that into account. While this resolution was not specifically mentioned, I understand, last night, we hope that the house will agree to go ahead with it.

Mr. COLDWELL: I have no objection.

Mr. HANSON (York-Sunbury): The Minister of Agriculture should make a detailed statement on the purpose of this resolution before the motion carries, and then we will be in a position, perhaps, to cross-examine him in committee.

Mr. GARDINER: The resolution states fully the contents of the bill which it is proposed to present to the house. The intention of the bill is to make it possible for a board to be appointed to consist of three persons, one of whom will be the chairman and one the vice-chairman. The responsibility of that board will be to make a study of the conditions existing during the period that we have had ceiling prices established on farm products and to relate that to conditions existing in Canada affecting other industries as well as people engaged in other activities; to study as well, when the time arrives, conditions in the post-war period, and from time to time to submit to the Minister of Agriculture, and through him to the government, recommendations as to which farm products should have floor prices placed under them, the method by which that should be done, and the level at which those prices should be established. The final decision with regard to the matter will rest with the governor general in council. Once the floor prices are established, the board will have authority to purchase and sell farm products on the basis of that floor price level, or to set up commodity boards to purchase and sell, or to establish other agencies to purchase and sell on its behalf any farm product which is declared by order in council to be one on which it is necessary to have floor prices, and as to what that floor price is.

That is the general principle of the bill. The part of it which has to do with the setting up of the board and with examining into conditions now existing comes into effect at once; but the part which provides for the buying and selling of goods, if that becomes necessary during the transition period from war to peace, will come into effect by proclamation at the time it becomes necessary to do that kind of thing; that is, at some time towards the end or following the end of the war.

That in principle, Mr. Speaker, is the content of the bill which will be introduced as a result of passing this resolution.

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

Resolution reported, read the second time and concurred in. Mr. Gardiner thereupon

moved for leave to introduce bill No. 168, for the support of the prices of agricultural products during the transition from war to peace.

Motion agreed to and bill read the first time.

FISHERIES PRICES

PROVISION FOR STABILIZATION, PURCHASE OF STAPLE PRODUCTS AT APPROVED PRICES, ETC.

Hon. ERNEST BERTRAND (Minister of Fisheries) moved that the house go into committee to consider the following resolution:—

That it is expedient for the purpose of supporting fisheries prices during the transition from war to peace to introduce a measure to establish a board with authority to purchase through agents or otherwise staple fisheries products at prices recommended by the board and approved by the governor in council, or to make such payments in respect of staple fisheries products as may be necessary to bring average returns to producers up to the prices so approved, and to give the board such powers as may be necessary for the handling and disposition of products purchased; and further, to provide for the appointment of such officers, clerks and employees as may be necessary;

To provide further that the governor in council may authorize from time to time payments out of unappropriated moneys in the consolidated revenue fund, up to an aggregate of twenty-five million dollars for the expenditures under the said measure, exclusive of administrative expenditures; that there shall be a special account to which all expenditures under the said measure, other than administrative expenditures, are charged, and to which all receipts from the sale or disposition of fisheries products shall be credited; which receipts shall be available in the account for subsequent expenditures provided that the net realized profits in the account in any fiscal year shall be credited to the consolidated revenue fund and any net realized loss in the account in any fiscal year shall be recouped to the said account from an appropriation by parliament for the purpose.

Mr. HANSON (York-Sunbury): I should like to have an explanation from the minister. Will he state whether the programme has been thought through, or whether this is in the same stage as the agricultural war prices matter—not to come into effect until the period of transition is over?

Mr. BERTRAND (Laurier): This resolution is to the same effect as the previous one relating to agricultural products, but there are a few changes in it. The amount to be provided is $25 million, and there is a board of three, which has the same power as the board to be etsablished in respect of agricultural products. The changes are just those which are necessary on account of the fisheries in so far as the fisheries differ from agricultural products.

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

Mr. SENN: Are these bills ready for distribution, or will they be ready as soon as this passes?

Mr. HANSON (York-Sunbury): Who will compose the board? Will they be permanent officials of the department, or is it intended to go outside to set up the board?

Mr. BERTRAND (Laurier): The bill does not say whether the members are to be officials of the department or not. When the time comes we shall look for the best men we can find. It is customary to have at least one of the members from among our officials, but I cannot say who it will be. There will be one from the department and the two others will be chosen among the fishermen and the trade.

Mr. HANSON (York-Sunbury): Will consideration be given to having one member of this board from the group of fishermen themselves and not from the processors?

Mr. BERTRAND (Laurier): I would not like to commit myself definitely on it, but my intention is, as I explained, to have one member chosen among the fishermen.

Mr. HANSON (York-Sunbury): I did not so understand. Is that a definite pledge, that one member of this board will be from the primary producer class, one from the department itself and the third to be appointed? Is that what the minister states?

Mr. BERTRAND (Laurier): That is what I have in mind.

Mr. HANSON (York-Sunbury): There is nothing binding, then.

Mr. BERTRAND (Laurier): No.

Mr. HANSON (York-Sunbury): Then I think the minister ought to give some undertaking with regard to these men, who for the most part are in the class of forgotten men, so that they shall be adequately represented and not represented by anyone from among the purely processing group. That is what has happened too often, and it is what has happened under certain conditions that exist to-day in connection with the fisheries. Controls are in no sense representative of the producing class. So far as my observation goes, they are representative entirely of those who are interested in the business as non-producers, and I submit that the point of view of the producers—

Mr. BERTRAND (Laurier): What board has the hon. gentleman in mind?

Mr. HANSON (York-Sunbury): You can imagine. I could name it, but I do not want to do so because I do not want to get

personal. I will not name any individual, but I do insist that on any board set up to establish floor prices suitable to the fisheries the producers should be represented; otherwise I do not think they will get a fair show. It is important that this class of men should be represented. Certainly someone can be found among them who is intelligent enough and who has the confidence of his fellow men sufficiently to permit the government to appoint him to the board. I feel very strongly about this, because in days gone by, in many boards set up by this government, yes, and I might say by other governments, the producing class has not had very much say about matters which are vital to their well-being. Therefore I am pressing the minister to give an undertaking that when this board is set up the producing class shall be represented. The same principle should apply to the agriculture board. I am sure the Minister of Agriculture will see that the producers of agricultural commodities are represented on the board. I should be astonished if he did not do that. It is a sound principle. In respect of the fishermen, however, I am afraid that unless the point is pressed, that will not be done.

Mr. BERTRAND (Laurier): It is my intention to recommend among the members of the board a member from the fishermen, the primary producers, but of course council will appoint him. My recommendation will be there. This resolution, and the bill that is to follow, are intended to help the fishermen themselves.

Mr. HANSON (York-Sunbury): I am not objecting to the purpose of the resolution and the bill. I think that something has to be done in the period indicated in the resolution to protect the fishermen, because my observation over a considerable period of time is this, that after a period of inflation, such as we are bound to have in war time and such as we have now, when the price of fish is probably as high as at any time in the history of the industry, the prices to primary producers are the first to fall and the last to rise. Of course that is a difficult situation, difficult for the fishermen and for the government. There is no doubt about that. I do not know whether this is a good remedy. I am not sufficiently well versed as a student of economics to know whether the establishment of floor prices is a proper thing or not from the economic standpoint; yet I am anxious to see that some remedy shall be applied. If we were living in a different situation I would hesitate to press in connection with either agriculture or fisheries for a floor or a ceiling, because there is a law of supply and demand and it is pretty hard to beat it.

I was interrupted, in the confusion that prevailed at the moment in the chamber, so that I did not understand what the minister said in reply to my request for representation by a producer. I did not catch what he said. Would he be good enough to repeat what he said in that regard?

Mr. BERTRAND (Laurier): I said that it was my intention to recommend that on this board there should be a primary producer, a man from the department and one from the trade.

Mr. HANSON (York-Sunbury): Then may we take it as a pledge that this board will consist of a competent official from the department, a member from the producing class and a member from the trade? Is that to be the position?

Mr. BERTRAND (Laurier): Well, that is what I am going to recommend.

Mr. HANSON (York-Sunbury): As far as the minister is concerned, that is the policy he himself will propose to the governor in council. I think that is as far as I can ask him to go, but I should like to be as definite as possible on this point. My point is that the primary producer should be represented on the board.

Mr. NEILL: I entirely endorse the remarks made by the hon. member for York-Sunbury (Mr. Hanson). My quarrel is that he does not go far enough. He goes only half way.

Mr. HANSON (York-Sunbury): You go the rest of the way.

Mr. NEILL: I do not know where he got it, but he appeared to get from somewhere the idea that this board was to consist of three persons. Does the minister endorse that?

Mr. BERTRAND (Laurier): The board will have for its duty the management, the buying of fish, if we buy any, and so forth, but when the bill is introduced the hon. member will find that there is in addition an advisory committee.

Mr. NEILL: I do not know whether this is the latest form of communism or socialism, or what it is, but it might be called midsummer night's madness. I wonder if the house and the government appreciate the extent to which this resolution goes—a resolution brought in to-day casually without notice. If we put it through the first thing we know we shall be dealing with a bill that is not printed, or we shall be asked to do so, or it

will be submitted to us an hour or two before we discuss it. I wonder if the committee really appreciates the magnitude of what I might call the violence of the change that is suggested. They are going to appoint a board of three people to do what has never been done before in the whole world, namely, to fix a price for all fish products in Canada. On the suggestion of my hon. friend to the left, one of those three men is to be a member of the producing class, and one from the processing or manufacturing class, and apparently one a government official. Good heavens! I cannot find words to express my astonishment—

Mr. BERTRAND (Laurier): May I intervene for a moment? This board is not going to fix the price, as my hon. friend suggests. It is to fix a minimum price when necessary. That is very lifferent.

Mr. NEILL: And the government will have to take over the stuff at that minimum price. That is the idea. I wonder what they are going to do with it. As my hon. friend to the left says, the law of supply and demand will fix the price and the government will have to take the stuff over when it falls below a certain price. They will have to take a thousand tons of herrings to-day and a few thousand tons of pilchards to-morrow. What are they going to do with it? The same principle applies to the marketing boards who look after agricultural products. Certain people can grow potatoes at a profit at $20 a ton. Other people cannot grow potatoes at a profit at less than $40 a ton. Is the man who grows the expensively produced crop to be taken care of? Is that to be the standard? What is to be done with the stuff that is left on the government's hands?

There is to be a board of three. There are two large divisions of the fishing industry, one on the Pacific coast and the other on the Atlantic coast. Surely there ought to be a man from the Pacific and one from the Atlantic on this board to look after their special problems. Suppose that point is yielded and we get a man from the Pacific and a man from the Atlantic. The man on the Pacific has to deal with the capture and manufacture of whales. Do you think the man who fixes the minimum price on whales or whale products will be qualified to fix the minimum price on pilchards or herrings? Then there are halibut and salmon, six different kinds of salmon each with a different value, varying as much as $8 a case between the highest and lowest grades. Then there are herring and pilchard reduction plants, and so on. Then there is the liver oil industry. Three men are to be appointed. They are to have the handling of this huge subject, and they are going to fix the minimum price. The minimum price will be so much. The minister says it will be a fair price. Who is to fix the fairness of the price?

As I have said, in one place the price of salmon may be so much, but it could not be begun to be produced at the same price somewhere else. All the complex implications of these things are to be handled by one solitary man on this board who represents the producer. Why, it would take a board of a hundred men to give justice to all these people. The resolution does not explain how it is to be done. I hope it will be explained in the bill. There is no law that I know of that has as yet been devised to beat the law of supply and demand. When there is more stuff produced than there is demand for, the price will go down. You can cover it up all you like, but the price will go down until the lower price induces a greater demand so that the market balances. That is the only way it can be done. If the government propose to do that, they will have an awful proposition on their hands, because when a certain price is guaranteed for herrings or potatoes and I know I can produce at that price I will exert my utmost efforts to produce, knowing that the government has to take care of it. Ordinarily I would be afraid to put in too many potatoes one year because it looked as though there was going to be a small demand, but when I have the government behind me I am reckless in that regard and I will put everything I can into the growing of those potatoes, knowing the government has to take care of me.

We are nearing the close of the session. This bill is being introduced now and will go through in a few days. I admit I do not understand how the government can in such a casual way deal with a subject of such huge complications and implications. I hope when we get the bill it will make clearer what is to be done. But I view this measure with considerable apprehension. I do not see how the thing is going to work. It is going to make for a lot of trouble and confusion. I do hope the bill will be more explanatory than the resolution, but as the Scots say, I have my doubts.

Mr. GILLIS: It is not my intention to debate the resolution at this time. I do not think we can intelligently discuss the matter until the bill is before us. We intend to forego any detailed discussion until the bill is presented.

I agree with the hon. member for York-Sunbury. I am glad that I can find a spot to agree with him, because as a rule we dis-

agree. I emphasize the necessity for having on this board representatives of the producers. Unless that is done I do not think you are going to make any changes. The manipulation of the fishing industry has been largely in the hands of the private buyers. If the composition of the board is to be such that you are merely going to give super-authority for the regulating, marketing and fixing of prices to those who have exploited the industry in the past, then you are not going to make any changes in the interest of the fishermen.

I do not share the fears of the hon. member for Comox-Alberni. I know that within the industry itself, and within the past ten years, the cooperative movement has developed men who are capable of solving the problems of the fishermen through the medium of the machinery now being set up by the government, if they are given the opportunity. I could name a dozen men from the ranks of the fishermen, on the east coast at least, who are qualified in the field of marketing and price fixing and every phase of the industry. If these men are taken in and given a chance they will make a success of it. I wish to emphasize that because I think the Minister of Justice sounded the keynote yesterday when he referred to how the department endeavoured to select the judges. He said that they tried at all times to pick the judges from the practising profession. I think that is a good principle. It is a principle that should be applied to all the machinery that is being set up in a particular field. If it is good for the judiciary to select those who are to administer the law from those who are practising law and understand it, then that same principle should be applied to those boards that are being set up. Those who produce and understand the industry from the practical point of view should be given posts in the administration of the industry.

I shall reserve any further remarks I may have to make until the bill is before the house, because I have considerable to say on this question.

Mr. HANSON (York-Sunbury): I am delighted to find myself in agreement with the hon. member for Cape Breton South on one point. I think we are both right. I was glad to hear him say that there are qualified men among the producers who could assist in this proposed programme; but you cannot ignore what the hon. member for Comox-Alberni has said. How are you going to make this board work? Let us get right down to brass tacks and if the minister and his department have any ideas on the subject, let us have them. How are you going to make it work, having regard to the principle of the law of supply and demand? There is an old saying that you can lead a horse to water but you cannot make him drink.

If Canada were a self-contained nation and people were fish-minded I do not think there would be very much difficulty in establishing floor prices, if they were reasonable prices; but two-thirds of our total production goes into the export trade. I think that is an approximately correct statement. Therefore you are dealing in what is a world commodity. Unless it is intended merely to establish a subsidized or bonused position I do not see how this can be worked out; but if this thing is going to develop into a subsidy, let us call it by that name. That is what I think it will develop into, a subsidized position for the fishermen in the transition period. I have no great objection to that, provided it does not last too long and does not cost too much. Everybody else in this country is being subsidized; we are now going to subsidize judges' widows by giving them a pension; we are going to subsidize babies pretty soon, and before we get through with this thing everybody is going to be subsidized and we will be in the position of taking in each other's washing. That is what will happen; that is the ultimate end of this sort of legislation. Bonuses and subsidies are a last resort. They may be justified in an emergency, and I believe that in the transition period there will be a real emergency as far as the fishermen are concerned. Take our codfish industry on the east coast. How many people in Saskatchewan or Ontario have ever tasted the luscious dried cod of eastern Canada? Very few; yet that is the principal product of the Atlantic fishing industry.

Mr. GARDINER: We distributed it but our friends of the C.C.F. did not like it.

Mr. HANSON (York-Sunbury): Well, they do not know what is good for them. If they would eat some of the Atlantic fish they might have a few more brains; at least that is the theory down there.

Mr. CRUICKSHANK: It is not always apparent.

Mr. HANSON (York-Sunbury): I do not know whether that is intended to have any personal application, but if so I resent the implication as far as I am concerned. However, that is merely in passing. I want the minister to understand that I am really interested in this matter, in trying to work out some solution for what I believe will be a critical period in the history of the fisher folk among whom

I was born, whom I knew intimately as a lad, and whom I have seen rise at three and four o'clock in the morning to go down to the sea and fish under extreme difficulties. They attract my sympathy, and if I can help I want to do so. But I do not see that the minister has told us anything practical that this proposed board can do except, as the hon. member for Comox-Alberni has said, to buy all the fish that may be offered. And then what? I thought my agricultural friends would go into the matter more deeply than they did, and perhaps they will when the bill is brought down—

Mr. CRUICKSHANK: They will when the bill comes down.

Mr. HANSON (York-Sunbury): There is a time and place for everything, and my hon. friend might contain himself for a few moments. I want the minister to tell us what the government propose to do. They are going to set up a board and, according to this resolution, place $25,000,000 at its disposal.

Mr. BERTRAND (Laurier): We are going to appropriate $25,000,000 if, as and when necessary.

Mr. HANSON (York-Sunbury): As a sort of revolving fund, if I read this resolution correctly; and this board is going to have authority to purchase, through agents or otherwise, staple fisheries products at prices recommended by the board and approved by the governor in council, or to make such payments in respect of staple fisheries products as may be necessary to bring average returns to producers up to the prices so approved. That, of course, is a fair hope, but I want the minister to tell us how he proposes to accomplish that end. Or is this just a gesture before an election?

Mr. RALSTON: Wait for the bill.

Mr. HANSON (York-Sunbury): The Minister of National Defence says to wait for the bill. Probably the bill will be brought down next week, in the dying days of the session; I presume it is not prepared yet. The principles underlying this resolution and the bill which will be founded upon it should be given proper consideration. Has the minister a plan? If so, I challenge him to lay it on the table.

Mr. RALSTON: Is my hon. friend for floor prices for fish, or is he not? It seems to me that is the principle dealt with in the resolution.

Mr. HANSON (York-Sunbury): The Minister of National Defence has no right to cross-examine me. That is an old trick; when you are addressing one minister someone else asks a question to divert attention. You cannot do that with me. The net is set for me in vain in that respect. I am going to say this. Already I have made it clear that I am in favour of something being done to alleviate the condition of the fishermen in the transition period, and it may be that in default of any better plan we will have to give bonuses and subsidies.

Mr. RALSTON: That is pretty general.

Mr. HANSON (York-Sunbury): If you cannot provide any other plan for the alleviation of the condition of the fishermen than subsidies, then I am going to vote for the plan, but for a limited period of time. That is very explicit, in reply to the Minister of National Defence. But I want to know if the government has a plan; I want the minister to tell us on this resolution. Then, in the light of the statements of the minister, we will consider the provisions of the bill and see if they measure up to that plan.

Mr. RALSTON: The bill is the plan.

Mr. HANSON (York-Sunbury): Then the government must have a plan in mind in order to formulate the bill, so let us have it. I suspect that the bill is not drafted.

Mr. GARDINER: Oh, yes.

Mr. HANSON (York-Sunbury): Then the plan must be in mind and we should have it here.

Mr. RALSTON: The only point is that that means discussing it twice.

Mr. HANSON (York-Sunbury): I have seen it given twice; the rules provide for that. The minister cannot rush us at this stage. I want to know what the plan is, what is proposed in the bill, how the government propose to solve the difficulties of the fishermen, which is most devoutly to be wished for, and I do not think we get it here. We do not get even the kernel of it. What are we going to do with the huge surplus of fish that will be dumped on our doorstep if the prices set by this board are such as to encourage wholesale production? That is what I want to know. Are we to burn them up, as they are said to be burning up valuable stuff on the Alaska highway? Are we to dump this fish back into the ocean, as they dumped coffee in Brazil to keep up the price? I do not know, and I think the minister must tell us.

Mr. ISNOR: I approach this resolution from a different angle than that from which other hon. members have spoken on it. I welcome this measure. I come from the Atlantic coast, where I have been closely associated

with fishing villages in Halifax county, and in touch with other Nova Scotia fishing districts. I believe I express the thought of the fishermen when I say they welcome such a measure. Other hon. members may be more conversant with fishing on a large scale, and I rather agree with one hon. gentleman who thought that this suggested board should be larger. I do not think a board with three members will be able to meet the requirements of Canada. This is a big country and the fishing industry on the Atlantic coast has different interests from those of the industry on the Pacific coast.

The fishing industry represents approximately $75,000,000 of new wealth to Canada. Of this, $38,059,559 is produced on the Pacific coast, in British Columbia, while we on the Atlantic, in Nova Scotia produce something like $15,299,446. Of the total of $75,000,000, approximately $51,907,000 is export business. I am interested in maintaining that export business, because it means additional money and wealth for our people. It is for these reasons that I am particularly concerned about this measure. We have not the bill before us, so that I do not know just what its provisions will be. I do not know how we are going to overcome the price-fixing policy. The fishing industry is different from the agricultural industry. A fresh fish lasts only eight, nine or ten days before it begins to deteriorate. I want to see it made possible for our fishermen to obtain greater returns so that they may receive what we have been trying to get for them for so many years—an adequate living.

The resolution will be followed by a bill which is to provide for the support of prices during the transition period from war to peace. There is to be established a board with authority to purchase fisheries products at prices recommended by the board and approved by the governor in council. But there are a few words in the resolution which are important to the producers or the fishermen. The board is to be given such powers as may be necessary for the handling and disposition of products purchased. I feel that every hon. member who is interested in the lot of the fisherman, who wants to see him provided with a better livelihood, should be in favour of a measure such as this.

As I said before, I do not know just what will be contained in the bill. No doubt I shall have further remarks to make on the different clauses of the bill. In Nova Scotia we have 6,115 fishermen and in Halifax county there are 802 active fishermen. So that we are interested in a measure such as this. I hope that when the board is set up it will not mean that just an election gesture is being made, as has been suggested, but that something worth-while is being done for the fishermen, not only on the Atlantic coast but throughout all parts of the dominion.

Mr. REID: To my mind this resolution will provide something for which the fishermen have been looking for the past twenty years at least. I cannot understand why the proceedings should be stopped at this stage in order to get the bill. The principle is sound and it will be welcomed by fishermen on both the Atlantic and Pacific coasts. I say, let us have the bill.

Mr. HANSON (York-Sunbury): That is all very well, but I want the plan and I am entitled to get it at this stage. It may or may not be in the bill. The minister has not had an opportunity to answer my request.

Mr. BERTRAND (Laurier): I must say that I am not a pessimist; I do not see the after-war period in as black a light as some hon. gentlemen. I think we have done a lot of work during the war and we have improved our machinery in many ways. I hope the fishermen are going to have improved conditions; I hope they are going to be more successful than ever. The purpose of the bill to be introduced is to foresee conditions that may arise after this war. The plan is to see that the prices of primary products do not fall to the low levels to which they fell between 1930 and 1936 and 1937. That is all. I cannot go into the details because the bill will give most of the particulars, but that is the general plan. I am quite sure that this is but one more instrument given to the Minister of Fisheries and his officials to improve the lot of the fishermen after this war, if it is necessary to do that.

Mr. NEILL: I hope the hon. member for New Westminster is right when he says that the fishermen are asking for this and will benefit by it. I have not heard any requests from them along those lines. I still think that it will be unworkable. It will not meet the conditions of a country which is spread out like this one, with so many diverse conditions. The hon. member for Halifax (Mr. Isnor) says that he hopes the prices will be raised to such an extent that the fishermen will find conditions more livable. So do we all. In times gone by I think I have heard him speak of a price of a cent and a half for a cod. I suppose if that price were multiplied by five the local fishermen down there would consider it satisfactory, but we in the west would not be satisfied with such a price because that is what we consider to be a very low price.

Only one man representing the fishermen is to be on this board. I cannot foresee how it

will work. We have had a lot of trouble during the war, we have cheerfully but reluctantly put up with a lot of these boards that come along and say, "You must do this or do that." In some cases it has worked out fairly enough, but in other cases it has proved unworkable to a large extent. If this thing is to be spread all over the country it will have to be done on the average. The government will have to adopt something like that. They will have to fix an average price, but what may be a bonanza in one place will be ruination somewhere else. The fact that this is to be run by the government makes it impossible to take cognizance of local conditions.

Mr. BERTRAND (Laurier): The bill foresees that.

Mr. NEILL: Then you will have an awful job on your hands.

Mr. HANSON (York-Sunbury): It is quite apparent that the minister is only asking for enabling legislation to do something which he in his optimistic way does not anticipate will be necessary. I hope he is right.

Mr. BERTRAND (Laurier): I hope it will not be necessary.

Mr. HANSON (York-Sunbury): I hope there will be no necessity for action on the part of the government to buy all the fish produced in Canada in order to save the situation. It is quite apparent that they have no plan. All the minister has is an objective, and with that we agree.

Mr. MACKENZIE (Vancouver Centre): It is going to work.

Mr. HANSON (York-Sunbury): They have no plan at all.

Mr. BERTRAND (Laurier): I deny it.

Mr. HANSON (York-Sunbury): Then trot it out and let us look at the old horse.

Mr. BERTRAND (Laurier): It is not necessary to make a long speech and repeat the same thing three or four times.

Mr. HANSON (York-Sunbury): The minister has not told us anything. He certainly has not replied to an intelligent interrogatory. What he has done is to state the objective which he and his department hope to attain in a certain contingency, namely, if prices drop to what they consider to be too low a level. That is all the minister has said. I suppose I am anticipating what is in his mind, but I suppose there will be set up an advisory committee. I have heard of these advisory committees. Do they ever function?

Mr. GARDINER: Certainly they function. The agricultural food advisory committee is meeting to-morrow.

Mr. HANSON (York-Sunbury): The Minister of Agriculture knows his onions, I am sure, and he would grab a good suggestion as quickly as anybody I know. There will be an advisory board in this connection. Who will be on it? The intention is to set up an advisory board, I assume?

Mr. BERTRAND (Laurier): There will be an advisory board.

Mr. HANSON (York-Sunbury): The resolution does not say so. It will do no harm, although I do not think it will do very much good unless the minister gets the right type of men on the board and listens to them. These men should be selected with great care. I am inclined to agree with the hon. member for Comox-Alberni that three will not be enough because of the diverse interests involved by reason of geographical position. The problems on the west coast are certainly different from our problems on the east coast and I suggest that there should at least be representatives from each coast. I do not want to see the board top-heavy with representation from the trade. Their representatives of course are intelligent men and they know their business, but primarily the objective of this legislation should be to help the fishermen, not the trade. If we cannot get anything more from the minister I shall have to sit down.

Mr. NEILL: The government appointed an official about two years ago in British Columbia primarily to give advice in connection with prices to fishermen, and the gentleman appointed just happened—just happened—to be a large shareholder in one of the big fish processing companies. It is his advice that is put forward—I hope it is not always accepted—on matters affecting the producers. There is an illustration.

The best argument I have heard in favour of this proposal was that put forward a few minutes ago by the minister when he said that he hoped and believed that the legislation would never be used. That is a poor argument for legislation, the hope and belief that it will never be used.

Mr. HANSON (York-Sunbury): The hon. member for Comox-Alberni—

Some hon. MEMBERS: Carried.

Mr. HANSON (York-Sunbury): Just a minute; I am not going to be rushed off my feet. I am not going to rush ill-digested legislation through this house without proper

consideration and examination. The hon. member for Comox-Alberni has referred to the fact that the government appointed an officer from the west coast who was very deeply interested in one aspect of the fisheries business. I know that this government has appointed as fisheries controller a gentleman right out of the trade.

Mr. BERTRAND (Laurier): Has that anything to do with this resolution?

Mr. HANSON (York-Sunbury): I am telling you something.

Mr. BERTRAND (Laurier): You have said it already on the estimates.

The CHAIRMAN: Standing order 40 mentions repetition. I think we have reached the stage where repetition must be declared out of order.

Mr. HANSON (York-Sunbury): I did say something on the fisheries estimates but I have not repeated anything here. I was just using that illustration as an analogy. I am just saying that the man who was appointed as fisheries controller did not in any sense represent the producers of this country. On the other hand he represents a very special interest.

Mr. ISNOR: He has done a lot for the fishing industry.

Mr. HANSON (York-Sunbury): He has done very well out of the fishing industry.

Mr. MACKENZIE (Vancouver Centre): Quite honourably.

Mr. HANSON (York-Sunbury): I am not saying anything against his character. What I am suggesting is that he does not represent the point of view of the producers, and the producers are at the mercy of these arbitrary controllers. I am not going to say anything more about this; you can do as you like.

Resolution reported, read the second time and concurred in. Mr. Bertrand (Laurier) thereupon moved for leave to introduce bill No. 169, for the support of the prices of fisheries products during the transition from war to peace.

Motion agreed to and bill read the first time.

VETERANS' INSURANCE

PROVISION OF LIFE INSURANCE FOR VETERANS OF THE PRESENT WAR

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide life insurance on the life of veterans of the present war, payable to beneficiaries, as defined in the said measure, and upon the conditions thereby provided, or by regulations prescribed.

Moneys received by way of premium to form part of the consolidated revenue fund and payments under the contracts of insurance to be paid out of the said fund.

Mr. HANSON (York-Sunbury): I think the minister should make a statement on this.

Mr. MACKENZIE (Vancouver Centre): I shall be very glad to make a brief statement at the present stage, because this bill is of a very complicated nature and I think it must be studied by hon. gentlemen before its details are thoroughly understood.

In a word, requests have been received from returned soldier organizations such as the Canadian Legion and the Canadian corps and other organizations throughout Canada for the renewal on behalf of those engaged in the present war of the provisions, either in the same form or a modified form, of the Returned Soldiers' Insurance Act which we had for the veterans of the last war. Hon. gentlemen will recall that the Returned Soldiers' Insurance Act was passed in 1920, extended in 1922, reopened in 1928, and in 1929 the act was extended for another year. In 1930 the act was again extended for three more years.

I intend to give a detailed explanation of the bill upon the second reading. At the present stage I will give to the committee a very brief comparison as between the old Returned Soldiers' Insurance Act and this Veterans' Insurance Act.

The name of the old act was the Returned Soldiers' Insurance Act. This act will be known as the Veterans Insurance Act. The maximum contract under the old act was $5,000; under the new act it will be $10,000. These proposals have been studied for a considerable period of time by a committee representing the services, the Department of Pensions and National Health, Finance and Justice, and they have made these recommendations after the most careful study of actuarial and insurance principles and of the considerations advanced by returned soldier bodies.

The interest rate under the old act was 4 per cent. Under the new act it will be 3½ per cent. The plan of insurance under the old act was payable for 10, 15 or 20 years, to the age of 65, for life or by a single premium. Under the new act it is payable for 10, 15 or 20 years, to the age of 65 or 85 under certain conditions. That is a technical provision which I would rather explain when the bill is before the committee. Life payments have

been changed to "paid up at age 85" in accordance with modern insurance tendencies. The single payment plan, which was not taken up to any great extent, has been omitted from the present legislation.

Mr. HANSON (York-Sunbury): It was not very practical.

Mr. MACKENZIE (Vancouver Centre): That is right. Then as to disability benefits, the old act provided for the payment of a disability annuity, subject to certain conditions, and the waiver of premiums. The new act provides for the waiver of premiums as before, but disability annuities are not payable and the age for waiver of premiums is limited to sixty years. This change is also in accord with modern insurance practice. The disability annuity payable under the old act reduced the value of the policy and the protection for the dependents.

Then, as to the term for applications, under the old act it was open for two years, but as I said before, it was subsequently extended. The new act is for three years from the coming of it into force or three years from the date of discharge. This makes equal protection for those discharged and those still serving; it means that the 135,000 who have been discharged can get the benefit of these provisions as well as those now serving.

The premium rates under the old act were based on an interest rate of four per cent, whereas in the new act the rate is three and one-half per cent. The slight increase in premiums results from the reduction in interest. The same mortality table has been used.

Mr. HANSON (York-Sunbury): Because of the reduction in interest received, the premium must be larger?

Mr. MACKENZIE (Vancouver Centre): That is exactly right. The rates on the whole are lower than those charged by the majority of insurance companies in Canada for non-participating insurance. The benefits under this proposed bill, which will be introduced as soon as possible—the bill is ready; I have it here—are more extensive in the case of widows of pensioners than they were under the old one. The rates are slightly lower than the standard rates. The ceiling is raised to $10,000, to be more or less comparable to the standard they have set in the republic to the south of us. On the whole we believe that this measure will be more popular than that which preceded it.

I shall go into details of the amount taken out, the number of insurance policies paid, and all the other figures when we go into committee of the whole on the bill itself. I think that for the present I have given the house a reasonable explanation, a comparative explanation as between the proposed measure and the measure we had in effect from 1920 to 1933.

Mr. LOCKHART: Is it retroactive to the point where men were discharged at the early stages of the war?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. CASTLEDEN: Will the records as to the number of policies taken out, the premiums paid and the amounts paid out be available before the second reading of the bill?

Mr. MACKENZIE (Vancouver Centre): Yes. I should be glad to give them in committee in a few minutes.

Mr. NEILL: Does this call for a medical examination?

Mr. MACKENZIE (Vancouver Centre): No. That is the outstanding benefit of the returned soldier or veteran insurance as compared to ordinary insurance. The real benefit is that it does not call for medical examination except in very special cases. It would apply to the veterans of the old war who have enlisted in this war, but the aggregate amount must not exceed $10,000.

Mr. HANSON (York-Sunbury): Does it apply to the veterans' guard?

Mr. MACKENZIE (Vancouver Centre): Yes.

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

Mr. HANSON (York-Sunbury): I am not proposing to delay this resolution, because this is a matter which requires a good deal of study, and I hope hon. members who are returned soldiers will take a special interest in this measure. We on this side of the house have been pressing for soldier insurance for a long time. I think—indeed I am sure—that the bill is not too late, although I had hoped that it would have been introduced long ago. Similar legislation has been in effect in the United States for some considerable length of time: I do not know what the position is in Britain.

Will this apply to men who have been called up under the National Resources Mobilization Act?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. HANSON (York-Sunbury): They will have the benefit of this too?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. HANSON (York-Sunbury): Even though they did not serve outside Canada?

Mr. MACKENZIE (Vancouver Centre): Yes.

In reply to a question asked a minute ago by the hon. member for Yorkton, the number of policies issued under the Returned Soldiers' Insurance Act is 48,320. Total amount of insurance under the act is $109,299,500. The number of death claims received up to March 31, 1944, was 6,366. The face value of the policies in respect of these death claims was $10,088,920.81. Of the foregoing claims, 1,818, having a face value of $4,050,869.38, were settled under section 10 of the act. Section 10 applies where the dependent is awarded a pension. In addition to pensions the amount paid in settlement of the 1,818 claims was $1,794,698.95. Up to date the number of policies surrendered for cash was 14,647 and the face value of the policies was $34,591,-453.33.

Mr. HANSON (York-Sunbury): What percentages of the total value were surrendered?

Mr. MACKENZIE (Vancouver Centre): I have not worked that out, although I should be glad to do so. The cash surrender value was $5,544,603.08. Payment of premiums has been discontinued with respect to 12,982 policies of the face value of $29,785,787.07, and of these policies 958, having a face value of $2,136,-881.62, continue in effect under the standard extended term provision typical of Canadian insurance policies.

There are now in force under the various provisions of the old act the following: original contracts 17,652, the amount being $37,413,-744.82. Reduced paid up insurance, 579 policies, amount being $628,751.73; the extended term provision, 958 policies, $2,136,-881.62; disability provision, the special provision in the old act, 180 policies, value $274,574.82.

Mr. HANSON (York-Sunbury): Did the minister say there are no disability provisions in this scheme?

Mr. MACKENZIE (Vancouver Centre): There are disability provisions, but there is no medical examination required except in special cases.

Mr. HANSON (York-Sunbury): Is the cost of administration to be paid by the taxpayers, or is it loaded in the premium?

[Mr. Ian Mackenzie.]

Mr. MACKENZIE (Vancouver Centre): I think it is borne by the taxpayers, but I will look into that question.

Mr. HANSON (York-Sunbury): That is a point which, I think, is of some importance.

Mr. QUELCH: Am I correct in saying that all veterans after they are discharged or demobilized will be eligible to take out this insurance, no matter what their physical condition may be?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. QUELCH: Even though they may be suffering from a complaint which has been termed of preenlistment origin?

Mr. MACKENZIE (Vancouver Centre): I do not think that question would apply at all. I believe that if one has served in the present war, and is a veteran under the definition of "veteran" in this bill namely, that "veteran" means any male or female who was engaged in service during the war and who has been discharged from such service, there is no medical examination applicable. Perhaps I should not be reading the bill, but "service" means service in the naval, military or air forces of Canada by any person while in receipt of either active service rates of pay or of permanent force rates of pay.

Mr. WHITE: Does this bill apply just to veterans after they are discharged, or is there any provision to insure soldiers while they are actually in the army?

Mr. MACKENZIE (Vancouver Centre): This has nothing whatever to do with in-service insurance. This is after-service insurance, post-discharge insurance, both for these 140,000 discharged up to now and those who will be discharged from now on.

Mr. WHITE: It does not in any way cover or protect anybody who is in the army?

Mr. MACKENZIE (Vancouver Centre): Not until he is discharged.

Mr. QUELCH: How long must a man have served before he is eligible?

Mr. MACKENZIE (Vancouver Centre): I do not think eligibility is based at all upon length of service.

Mr. HANSON (York-Sunbury): Was consideration given to what the hon. member for Hastings-Peterborough has alluded to, that is insuring the lives of the men now on service while they are still in the service?

Mr. MACKENZIE (Vancouver Centre): That is a separate principle.

Mr. HANSON (York-Sunbury): I know it is; but has consideration been given to that?

Mr. MACKENZIE (Vancouver Centre): If this was being considered it would not be under our department. Our department deals with soldiers after discharge.

Mr. HANSON (York-Sunbury): The bill is limited to those who have been discharged?

Mr. MACKENZIE (Vancouver Centre): That is quite correct.

Mr. HANSON (York-Sunbury): Has any consideration been given to the other aspect, namely of those who are still in the service? I understand that the United States do that—under the Sparkman Act; is that it?

Mr. RALSTON: No; a national insurance.

Mr. HANSON (York-Sunbury): Under a national life scheme applicable to soldiers on service. That of course would be a very important position for this country to take, unless it was found that the burden was so heavy that it was impossible, and I would not think that would be the case. I hope consideration is being given that aspect. Of course the minister will answer, I imagine, that those who die in the service are taken care of by pension and perhaps that is the answer. I am not sufficiently well versed in the matter to know whether that is the right answer. The pensions, I imagine, are reasonably adequate; at least I hold that view myself. That may be a very good reason why this legislation, or no legislation, is applicable to them.

Mr. MACKENZIE (Vancouver Centre): There is no feature of insurance of any kind whatever that has not received the most careful and sustained consideration both by the defence services and by the department of pensions. Consultations have been had with those who are expert in life insurance work and various suggestions and proposed solutions have been considered. I believe my hon. friend knows that our Canadian pension rates are higher than those in any other country. They average higher than those in the United States on a capitalization basis of from $5,000 to $6,000.

Resolution reported, read the second time and concurred in. Mr. Mackenzie (Vancouver Centre) thereupon moved for leave to introduce bill No. 170, to provide for the insurance of veterans by the Dominion of Canada.

Motion agreed to and bill read the first time.

WAR EXCHANGE CONSERVATION ACT

Hon. J. L. RALSTON (for the Minister of Finance) moved the second reading of bill No. 162, to amend the War Exchange Conservation Act, 1940.

Mr. HANSON (York-Sunbury): We have not had a chance to read this bill.

Mr. RALSTON: I do not want to have it suggested that I am pressing the matter. The bill is not very long, and I assumed that hon. members simply wanted to have it before them and to be sure that the French copy was ready. It has been distributed for half an hour now.

Mr. ABBOTT: It was available when the house opened.

Mr. HANSON (York-Sunbury): It had not reached members at eleven o'clock. However, I will not hold it up. Before the motion is carried I see that section 1 refers to the repeal of certain sections of certain statutes. I have not had an opportunity to see what the legal effect is, and perhaps it will help to expedite matters if the parliamentary assistant will give an explanation of the bill. I was not here on the resolution stage and therefore I do not understand it. Perhaps he can give the explanation when we go into committee.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Bradette in the chair.

On section 1—Sections and schedule one repealed.

Mr. ABBOTT: The explanation is quite simple. The committee will recall that in his budget speech the Minister of Finance announced that schedule 1 of the War Exchange Conservation Act would be repealed, and the relevant sections relating to that schedule. Schedule 1 set out various articles, commodities and goods the import of which from other than sterling area countries was prohibited. In other words, that schedule of the War Exchange Conservation Act specifically prohibited the importation into Canada of a long list of goods from countries other than sterling area countries, and the effect of section 1 is to repeal that schedule and sections relating thereto and to remove that prohibition.

Mr. HANSON (York-Sunbury): Are there still any prohibitions on importation from other than sterling areas? Is there any limit?

Mr. ABBOTT: Not under this act.

Mr. HANSON (York-Sunbury): That is to say, these prohibitions under the War Ex-

change Conservation Act, 1940, and the other statutes which I assume were amending statutes, are now all lifted and there is free right of importation of these formerly prohibited goods?

Mr. ABBOTT: That is correct.

Mr. HANSON (York-Sunbury): The explanatory note says that the proposed amendments are in conformity with the resolution passed by the house. I have no doubt that is the case.

Mr. ABBOTT: Section 1 is the key section, and it provides for the repeal of certain sections and schedule 1, which together constitute the prohibition of imports.

Mr. HANSON (York-Sunbury): So that we are safe in understanding that the prohibition of imports of every kind is now repealed?

Mr. ABBOTT: Under this act, yes. That is correct. There may be some prohibition of imports under other acts.

Mr. HANSON (York-Sunbury): Put it this way: that the prohibition contained in the act of 1940 and the act of 1940-41, which I assume is an amendment, and the schedule to the act as amended in the statutes of 1940-41, are all lifted.

Mr. ABBOTT: That is correct.

Section agreed to.

On section 2—Schedule two amended.

Mr. HANSON (York-Sunbury): What is the effect of this?

Mr. ABBOTT: This is a technical amendment. It is really an amended definition of what are colloquially known as artificial silk products. This provides for minor and purely technical amendments to the wording of the artificial silk items in schedule two of the war exchange conservation act.

Mr. HANSON (York-Sunbury): In other words it is a better description?

Mr. ABBOTT: Yes. The committee will see that it is now described as synthetic textile fibres or filaments rather than by the term artificial silk, that being considered a more accurate description of this type of product. Some classes might not come within the strict definition of artificial silk.

Mr. HANSON (York-Sunbury): And that is true of all items.

Mr. ABBOTT: That wording is substituted in all items of the customs tariff to which schedule two relates.

[Mr. R. B. Hanson.]

Mr. HANSON (York-Sunbury): That is the general objective of section 2.

Mr. ABBOTT: To substitute the words "synthetic textile fibres or filaments" for the phrases "artificial silk, artificial silk or similar synthetic fibres", and "artificial silk or similar synthetic fibres produced by chemical processes" wherever these appear in the tariff items listed. That is the whole purpose of the section.

Mr. LOCKHART: There has been full collaboration between the producer parties vitally interested in this change?

Mr. ABBOTT: I do not know that we have had any representation from the producers. I am advised that this is primarily a clarifying amendment made at the suggestion of the officials of the Department of National Revenue and the tariff board.

Mr. HANSON (York-Sunbury): Administrative?

Mr. ABBOTT: It is administrative, yes.

Section agreed to.

Section 3 agreed to.

Bill reported.

Mr. LOCKHART: Have the producers or manufacturers who are vitally interested in this matter been made acquainted with the terms of this bill? This bill has been sprung on us very quickly. It may be of a purely technical nature, but there may be something in this bill which will vitally affect manufactured articles. I am just wondering whether or not the department has had any contact with the manufacturers or producers. I would suggest that third reading of this bill be held over for at least twenty-four hours to give interested parties an opportunity to indicate their stand in the matter. I had one representation made to me, to the effect that they had heard of something of this kind being advanced. I said that we had no bill. We had a resolution but I did not know anything about it. I do not wish to hold up the bill, but on the other hand I am not so sure that those whom it may affect have full knowledge of what it provides. The parliamentary assistant says that it is purely of a technical nature, but something may arise when it is applied to the business of those who produce these articles. Could the bill not be held over for twenty-four hours?

Mr. ABBOTT: I do not believe there can be any confusion in the mind of the public, Mr. Chairman. The purposes of this bill were clearly indicated in the resolution. The main

purpose is to repeal the prohibition on certain imports, and the country and the trade generally know that is to take place. So far as the technical amendment to one of the sections is concerned, there is very little in that. The items referred to are now on the free list and they will continue to be. This is merely to clarify the description of a certain type of commodity. If the hon. member would prefer to have third reading held over for twenty-four hours I am sure there is no objection. But I cannot imagine that there could be any confusion in the minds of manufacturers or of the public as to the purpose of this bill.

Mr. LOCKHART: I am not going to press for third reading being held over, but I had one inquiry as to the nature of the resolution. There seemed to be some ambiguity in the terms of the resolution; that is why one man spoke to me.

Mr. RALSTON: There is no objection to letting it stand over until to-morrow. The idea was to get it on that much farther. If my hon. friend has any objection at all and he would like to communicate with anybody—

Mr. LOCKHART: I should like to see it stand over for one day.

Mr. SPEAKER: Third reading, next sitting of the house.

SPECIAL WAR REVENUE ACT

Hon. J. L. RALSTON (for the Minister of Finance) moved the second reading of bill No. 163, to amend the Special War Revenue Act.

Mr. G. R. BOUCHER (Carleton): Before this bill is read the second time I think we should have a copy—

Mr. RALSTON: They have all been distributed. I went to the Clerk's table and was assured that copies of this bill had been distributed at ten minutes after eleven o'clock this morning.

Mr. BOUCHER: It is now ten minutes to one. We have had three or four bills merely thrown at us without time to concentrate on them. I have no particular objection to the second reading now, but I think we should wait until this afternoon at least, until we have had time to look at the bill and see what is in it. I know we are in a hurry to close the debates in the house and get through with our work, but we have a responsibility to analyse what is put before us. I would urge the minister to withhold second reading of this bill until hon. members have had an opportunity to go through it and discuss it.

Mr. RALSTON: We have no desire to press the matter, but I do want to make this point. I am assured by the officers of the house that this bill has been distributed. We have followed the rules. We have given notice that these bills were to be considered to-day. The bills are founded on the budget resolutions. I would hope that hon. members would cooperate as far as they can. Any point upon which clarification is required can be dealt with by the parliamentary assistant. Opportunity will be given for full discussion if we can proceed with the second reading. I ask my hon. friend if he will not assent to that method of procedure as a means of getting on rather than just simply saying: Please do not proceed with second reading at all.

Mr. BOUCHER: Far be it from me not to assent; but I must say that because a bill was actually handed to me is no reason why I should give it a cursory glance and consent to it. I know that nobody has any objection to this bill getting second reading. I shall not raise any objection myself, but we have a responsibility to check over thoroughly all measures that come before us.

Mr. RALSTON: I do not want to let that pass, because I submit to my hon. friend that in the discussion of the budget resolutions there was full opportunity of considering not only the principle but the details. I quite agree with my hon. friend that in regard to most legislation which is covered by very general resolutions there might be necessity for more opportunity to examine the bill, but I do not think that reason applies to bills of this kind.

Motion agreed to, bill read the second time, considered in committee and reported.

SUPPLY

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

DEPARTMENT OF TRADE AND COMMERCE

Canada Grain Act—

356. Canadian government elevators, including equipment, $364,557.

Mr. WRIGHT: When this matter was last under discussion, we were inquiring with respect to the new agreement concerning the government elevator at Fort William. I should like to know how long this agreement is to run. Is it for three years or five years, or what is the term?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): The proposed lease is for a period of five years from August 1,

1944, and there is provision for renewing the lease for a further period of five years at the same rental and subject to the same conditions.

Mr. WRIGHT: For what period was the elevator leased previously; was it for five years?

Mr. MacKINNON (Edmonton West): Last time the term was six years.

Item agreed to.

National research council—

357. Salaries and other expenses of the national research council, $920,529.

Mr. KNOWLES: I support wholeheartedly, as I believe all hon. members do, the vote of this amount of money for this work. The feeling of some of us, however, is that not enough money has been provided in past years for the work of the national research council. It does extremely important work, and a number of incidents have occurred during the course of the war which emphasize the value of that work. During the war period it has been brought out also that it would have been much better, not just in relation to the war but to further progress in all lines, if the research council had been given more funds and wider latitude to carry on work in what is sometimes referred to as pure or abstract research. I feel that the tendency has been to restrict the work of the research council on the basis that it ought to be dealing with things that would immediately produce returns in terms of dollars and cents. Those of us who have any knowledge at all of how people work in the scientific world realize that some of the most outstanding developments come about when men of science are given free rein to carry on such research as their investigations may lead them to. I understand, for example, that in the matter of synthetic rubber and other synthetics, concerning which there is a great deal of pressure at the present time, these things might have been developed much sooner if in the past it had been possible to carry on this type of research. So that in the years that lie ahead I hope we will realize that we are not squandering money if we make available all the necessary equipment and funds to permit this work to be carried on by the research council.

Things have been moving along pretty quickly this morning, and we did not bring down with us all the material we might have used in these discussions, but a short time ago I secured a return setting out salaries and other particulars in connection with the research council. I have not that return before me, but my recollection is that it shows we are not paying our scientists at the research council sufficient to attract to that work the very best men it is possible to get. I should qualify that remark by saying that we have some of the best men in the country in that organization, but they are there because they are prepared to make sacrifices to engage in this work in behalf of the country. I have some further comments to make. Mr. Chairman, so that perhaps you will call it one o'clock.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Progress reported.

FAMILY ALLOWANCES

PROVISION FOR PAYMENTS IN RESPECT OF CHILDREN UNDER SIXTEEN

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved the second reading of bill No. 161, to provide for family allowances.

He said: Mr. Speaker, the bill which is now before the house for second reading is to provide for family allowances. The government's intention to introduce this measure was made known in the speech from the throne on January 27 of this year. The announcement in the speech from the throne was as follows:

> The family and the home are the foundation of national life. To aid in ensuring a minimum of well-being to the children of the nation and to help gain for them a closer approach to equality of opportunity in the battle of life, you will be asked to approve a measure making provision for family allowances.

The resolution introducing the bill appeared in the *Votes and Proceedings* of June 20. The resolution was debated and the bill was introduced and given its first reading on July 17. The main provision of the bill is as follows:

> 3. Subject as provided in this act and in regulations, there may be paid out of unappropriated moneys in the consolidated revenue fund from and after the first day of July, one thousand nine hundred and forty-five, in respect of each child resident in Canada maintained by a parent, the following monthly allowance:
>
> (a) in the case of a child less than six years of age, five dollars per month;
>
> (b) in the case of a child six or more years of age but less than ten years of age, six dollars per month;
>
> (c) in the case of a child ten or more years of age but less than thirteen years of age, seven dollars per month;
>
> (d) in the case of a child thirteen or more years of age but less than sixteen years of age, eight dollars per month:

Provided that the allowance payable shall, in respect of a fifth child maintained by the parent, be reduced by one dollar and in respect of a sixth child and a seventh child respectively so maintained, by two dollars and in respect of an eighth child and each additional child respectively so maintained, by three dollars.

The house will observe that the allowances for which provision is being made are payable according to sliding scales which vary according to the ages and numbers of the children. It is obvious that as respects age, the cost of maintaining a child increases as the child grows; the amount required for food, for clothing, for accommodation in the home and later for schooling increases as the infant grows into childhood and through childhood toward maturity. On the other hand, it is also apparent that as a family increases in numbers there are many overhead costs which are not recurring. Many initial outlays in a home will serve, as time goes on, to meet the needs of younger members of the family, costs with respect to clothing, furnishings, and the like. There is much that accumulates that may be used again for younger children. To mention a single item, school books that have served for certain members of the family will continue to serve for others. I cannot say too much about these things from personal experience of recent years, but I still have a recollection of my own childhood days and some of these things were apparent at that time.

Mr. MacNICOL: You are a young man yet.

Mr. MACKENZIE KING: Quite right. My hon. friend may feel I am making provision in ample time.

May I say that the principle of this bill is not new; it has been recognized in our income tax legislation and also with respect to dependents' allowances and veterans' and veterans' widows' pensions. I should like to cite exact references to the adoption of the principle of family allowances for dependent children.

The principle was recognized by the federal government in the Income War Tax Act in 1918. No allowance was made for children in the original act of 1917, but provision was made in the following year. In providing for pensions for veterans and veterans' widows, provision was made for allowances for children by order in council of September 1, 1918, and by act of parliament of September 1, 1919. In granting dependents' allowances to members of the armed forces provision for children has been made since the beginning of the present war.

Hon. members will recollect that during the last war provision for dependent children was not made by the state, dependent children being taken care of, for the most part, by the patriotic fund. That fund was established under an act of parliament. The public made subscriptions to the fund, which were supplemented from the federal treasury. However, as the years have gone by the public have come to see clearly that obligations of that kind should not be taken care of by private contributions, but should be considered to be obligations of the state. When this war broke out, the government recognized that obligation immediately and provision for dependents' allowances was made by act of parliament through the war appropriation.

The principle was also recognized in the pre-war unemployment relief, in the grants that were made by municipalities and by provinces, as supplemented by grants from the federal treasury. The government is now proposing to take a further step. The present family allowances measure extends this accepted principle to families whose income is below the income tax paying level.

At the present time a man earning $3,000, $5,000 or $10,000 a year receives what is in effect an allowance for each child through a reduction of his income tax. He is allowed to keep $108 a year for each child more than the taxpayer without children is allowed to keep. Family allowances will extend a similar benefit to those whose incomes are so low that they receive less than the full income tax allowance, and to those whose incomes are below $1,200 a year. The adoption of family allowances means the recognition as the right of children of poor parents of what is already recognized as the right of children whose parents are in more fortunate circumstances.

The principle and its wider application cannot be made too clear. Already this parliament has recognized that, with respect to families, there is an obligation upon the state to assist in the upbringing of children. This has been done in the interests of the parents and the family itself, but more particularly in the interests of the children. But, up to the present time, that obligation has been recognized only with respect to the more fortunate in our country, those who already have an income large enough to be taxable and to entitle them to exemptions according to the number of children in the family. In other words, where the need has been least it has already been recognized. The purpose of this bill is to recognize a similar obligation where the need is obviously greater than it is in the other cases.

I should perhaps say at once it is intended that both those who already benefit by the armed forces dependents' allowance, and war

pensions, are to benefit by this measure. It will be appreciated by the house that where provision has already been made for dependents of the armed forces and war pensioners, that has been done because of the sacrifice which the family has had to undergo, and which nothing can, in any adequate way, compensate for. It is a special service that has been rendered, and it would be, I think, unfair that the state should not continue to recognize, as something quite apart, the service rendered by those who have given their utmost or their all to fight the battles in the defence of their country and for the defence of freedom.

May I speak at once of the provisions of the bill with respect to dependents' allowances. Family allowances are already being received by income taxpayers in the form of the $108 allowance for children. Income taxpayers who receive the full allowance of $108 per child will not benefit from the family allowance. Those who will benefit are, first, married persons with children having a total income of less than $1,200. Persons with such incomes have considerably less than the "real income" of families of men in the armed forces; secondly, married persons with children having an income above $1,200 but not high enough above that figure to make their tax equal to $108 per child. In most cases, therefore, they would still have less "real income" than the families of service men. In other words the family allowances will give to families with low incomes smaller allowances than are now received by the families of service men or by the families of income taxpayers. Since the benefits of family allowances will go almost exclusively to families with lower incomes than the familes of service men, they cannot be said to discriminate in favour of those at home, particularly as family allowances will be paid in addition to dependents' allowances. Family allowances will also give an additional sense of security to service men. On discharge, they will continue to receive allowances for their children, although the allowances will be on a smaller scale than the dependents' allowances paid while they are on active service.

A word now as to the relationship of family allowances under the act to allowances for children of pensioners. The income, including income in kind, of married service men would place them in the income tax paying category if they were subject to tax. Pensioners, on the other hand, do not, in most cases, receive pensions large enough to bring them up to the civilian income tax paying level. In other words, pensioners without outside income generally fall into the income group that family allowances are designed to benefit. This is true even if the pension allowance for children is added, except perhaps in the case of large families. Consequently there is every reason for paying such pensioners family allowances in addition to the allowance made for children in the pension. In a sense pensioners with enough outside income to pay income tax already receive two allowances for their children, one in the pension, and the other the income tax allowance for children. They, like all income taxpayers, would have to offset the family allowance against the income tax allowance for children. In other words, the payment of the family allowance to pensioners would benefit only pensioners whose incomes were too low to be taxable or who, if their incomes are taxable, do not now receive the full $108 tax allowance.

In order to bring home to hon. members the national significance of this measure I should like to give to the house a brief statistical picture of the problem of family maintenance, by showing the proportion of families who benefit from income tax allowances and the distribution of children in the total population.

The number of children in Canada under sixteen years of age is estimated at approximately 3,500,000. The number of families of such children is estimated at approximately 1,500,000. Over half of these families benefit in whole or in part from income tax allowances for children. The families with the lowest incomes do not benefit from income tax allowance.

Of families it is estimated that one-third, or about 500,000, receive the full income tax allowance; one-third receive a partial benefit; and one-third receive nothing. Well over half the children get little or no benefit from the income tax allowance, and they belong to the families where the need is greatest. It is probable that there are considerably more children in the low income third of Canadian families than in the middle group, which receives partial benefit under the income tax, and that this group of families contains more children in turn than the high income third which draws full benefit.

I draw attention particularly to the following statement. According to the 1941 census, of the gainfully employed, 48 per cent are single; 39 per cent of the married or widowed have no children under sixteen; and 40 per cent of those with children under sixteen have only one child. What this means is that 84 per cent of the children in Canada under sixteen are dependent upon only 19 per cent of the gainfully employed. In other words, the major burden of raising the next generation

and perpetuating the Canadian nation falls on less than one-fifth of our working population.

Next to defending our country from external foes, this one-fifth of our working population are performing the greatest of all national services by ensuring the survival of the nation. It is only fair that the financial burden of this national service should be shared by all.

It has always been a part of the policy of the party to which I belong to do as much as possible to further equality of opportunity. We all realize that, while it may be said that men are born free and equal, nevertheless they are far from being equal in their capacities; and in many ways they are not really free. But what reformers of all ages have sought to effect has been greater equality of opportunity so that, generally speaking, whatever may be the handicaps of those who are born into life's struggles, they may have as much in the way of opportunity as possible.

The figures that I have just given to the house will surely make it apparent that, among the working population of our country having large families, there is not, so far as the parents are concerned or so far as the children are concerned, anything approaching equality of opportunity in the battle of life. We have grown so accustomed to these differences in class and in opportunity, grown so accustomed to differences in many directions, that we have come to take too many of these things for granted, as if they were something that should be perpetuated instead of changed. But the new order of things is going to take very little for granted; it is going to look into the heart of existing situations and discover where the fault lies. I submit that, when we realize that, of those who are gainfully occupied, 48 per cent are single, 39 per cent of the married or widowed have no children under sixteen, and 40 per cent of those with children under sixteen have only one child, if there is to be anything approaching equality of opportunity in the battle of life, certainly, for those who have families, who are carrying on the work of the world and trying to raise their families at the same time, there is something needed in the way of recognition of an obligation on the part of the state. As I have pointed out, 84 per cent of the children in Canada under sixteen are dependent upon only 19 per cent of the gainfully employed!

What opportunity have the children of families in humble circumstances with the whole of the battle of life ahead of them where you have differences of this kind existing? It is part of the business of the state to seek to help remove those differences and to bring about as close an approach as possible to equality of opportunity.

I know it will be said, at once, that if it had not been for the struggle of life which so many men have gone through, they would never have amounted to anything; that those of us who have been successful and prosperous have something in ourselves which is perhaps more worth while than the qualities found in others, that we have succeeded because of some inherent quality, that our success is due to our own efforts. Far be it from me to decry any achievement by way of struggle. I believe as strongly as any man that strength is developed by struggle. There is no doubt in the world that many of the ablest men we have to-day would never have come to the fore, but for their own struggles and those of their parents before them. But I wish also to draw attention to this fact, that that statement takes no account of the thousands upon thousands who have perished in the course of or because of the early struggle of life, of the many that, from malnutrition, from poor housing, from insufficient clothing, from other causes which have resulted from circumstances that they themselves or their parents before them in no way were responsible for, have had to go through life with health more or less impaired, without having had opportunities for the development of their physical, their mental, or—for that matter—their spiritual beings, but have had to struggle on as best they could from year to year in the battle of life.

The purpose of this measure is to try to help to remove existing injustices of the kind in so far as the state is justified in taking the necessary steps to that end. The measure has this further to be said on its behalf, that it is in the general interest rather than in the interest of any particular class. What most of us forget is that, more and more, we are all coming to be dependent on each other, that no man liveth to himself, that no community liveth to itself, that no nation liveth to itself, that we are members one of another, and that, if any part of the community suffers because of subnormal conditions, sooner or later other parts of the same community will suffer likewise. You cannot have one section of the nation undernourished, ill-clothed and unequal to its daily tasks, and not have the rest of the nation sooner or later suffer as a consequence.

This measure proceeds on the assumption that children are an asset to the state and that, in considering the resources of the state, human resources are of much more importance

than material resources. We talk a good deal about the conservation of natural resources. We have in the past devoted most of our time to a consideration of how the natural resources of the country may be conserved and developed. We have our scientific departments for industrial research in order that we may develop industry in ways which will enable us to compete successfully with other nations, and it matters not whether the purpose is the production of munitions of war or is related to other kinds of production. We recognize that it is desirable to conserve material resources and to develop them as largely as possible.

Come to other resources of the country. We have research departments to study the diseases of animals; we have departments of the government concerned largely with the conservation of our agricultural resources and their development, and we rightly regard this as an essential activity of government. Take the plant life of the country. Much thought goes into research on matters which relate to diseases of plants and means of combatting them. We seek to preserve the health of plants; we study the means of nourishing them and adapting them to varying conditions. It is only recently, however, that the world seems to have wakened up to the realization that, of all resources, human resources are the most important, and that, if scientific research, conservation and development are justified in these other branches of the national economy, so, too, they are in relation to human life.

This measure is intended to emphasize this truth, that what the nation needs above everything else if it is to maintain itself and strengthen itself is to have a healthy, strong and vigorous population, not a population any percentage of which may be bearing the permanent marks of malnutrition, or of the lack of other forms of necessary care. We need a strong, healthy and intelligent citizenry. If the war has shown one thing more than another, it has borne out the importance of a revitalized citizenry. I do not wish to emphasize too strongly some of the things the war has revealed, but there is one which it is important to bring to the attention of the house. It has already been mentioned. I refer to the number of rejections in the army.

I have in my hand a statement which I requested from the Department of National Defence of the percentages of rejections among those presenting themselves for enlistment for general service and those reporting under the N.R.M.A. for military training. These percentages are based on the figures of intake and rejections as reported by the military districts in daily and weekly telegrams. They do not agree exactly with final tabulations but are sufficiently accurate for the present purpose. I am sorry they are only for two periods, but they are sufficient in that connection to give an adequate illustration. In the six months from April to September, 1942, in all the military districts in Canada, 31·8 per cent were rejected of those who had enlisted for general service, and 21·1 per cent of those who had been called up under the N.R.M.A. In other words, 27·6 per cent of the numbers were rejected as being unequal to the tasks which participation in war would have involved. For the six months from January to June, 1944, of those who had been enlisted for general service 39·3 per cent were rejected, and of those called up under the N.R.M.A. 65·6 per cent. The combined rejections amounted to 52·4 per cent.

I have been asking myself, what is the explanation of this? I believe we find the explanation will be found in the figures I have already given the house in regard to the large proportion of the population of this country, belonging to larger families where they have not had, in many cases, the same opportunities for nourishment, care and development that have been afforded those in smaller families. The more the subject is studied, the more, I believe, that truth will be brought out.

The government, at different times, has set out its post-war policy. I should like to give this measure its true place by pointing out that it is a part of the government's post-war policy of reconstruction in the large sense of the word. In making provision for the post-war period, the government gave its first attention to the all-important question of demobilization and reestablishment of those in the armed forces. There has been created at this session of parliament a Department of Veterans' Affairs which will give special care to all that pertains to the work of demobilization and reestablishment. Another department was created a little later on, the Department of Reconstruction. That department will have to do more particularly with those aspects of our national economy which relate to the transition back from a state of war to a state of peace, in which the industries of the country will be transformed to meet peacetime needs for consumption and employment. Then there are as a part of government post-war policy additional measures of social security to meet the hazards that rise in social life and in industry. The purpose is to give special attention to human welfare and health. Within the last twenty-four hours, a bill was

assented to in this parliament related to national health and welfare. Under this new department of government, special attention will be given to all those questions that relate to social and economic hazards. The measure before the house at the moment will come for administration under the Department of National Health and Welfare. In other words, we have as a part of the government's reconstruction policy three broad divisions: one related to demobilization and reestablishment; another to reconstruction, dealing with the economic aspects thereof, particularly employment; and a third dealing with human well-being and health.

This measure to provide family allowances relates immediately to all three. With respect to demobilization and reestablishment I venture to say that one of the acts of this parliament which will be most welcome to the veterans of the war will be the one which this house is considering to-day, a measure which makes provision for the children of all families in a manner that helps to safeguard their economic and social needs. In regard to reconstruction, dealing with the matter in its physical aspects as it relates to production and employment, the expenditure of the money paid out for family allowances will create a demand for goods and, thereby, a demand for labour for the production of those things that are in daily use in all parts of the country. The importance of the stimulus to employment cannot, I think, be too greatly emphasized. The one supreme object of all our work of reconstruction is to prevent the possibility of lack of employment by seeing that we have maximum production and, as a consequence, a large national income in this country. The money that will be voted for the purposes of the bill will find its way into a demand for commodities or services that are part of the essentials of life, and as such will create employment on a vast scale and help to maintain employment at times when there might otherwise be difficulty in having it maintained. In other words, this measure should prove an instrument that will help to prevent anything like the depressions that have followed in previous periods in the wake of war. In addition, it will of course play an all-important part in furthering the well-being and welfare of the citizens of the country.

It might as well be recognized that, among other things, the war has brought to the fore very strongly the injustices that exist in human society and has compelled men and women to think deeply on the social problems of life and the causes of those injustices, and has made them feel that we must have a new order. That there is a changing order emerging in the world as a consequence of the war, is more or less obvious; but when we talk about demanding a new order of things either we mean what we say or we do not. If we mean what we say we will see that the new order places its emphasis on life rather than upon wealth. The new order will place its emphasis on human well-being rather than on material possessions, and we cannot, I think, too soon appreciate the shift in emphasis that is taking place and will continue to take place to a greater extent as the years go by. This will be particularly true when the men who have been serving their country overseas at the risk of their lives return to look for new and better conditions.

The new order seeks to shift the emphasis from the sacredness of possession to the sacredness of life; to weigh against each other the relative values of personality and its rights, and property and its rights; to compare standards of living with standards of trade; and to contrast human resources with material resources. It seeks to recognize industry as a public service and to divert attention from individual self-interest to community well-being. It seeks to make clear the interdependence of health and efficiency on the industrial economy and social welfare, and the inevitable bearing of existing conditions upon posterity and progress. This is where the emphasis from now on is going to be given more and more in all matters that are discussed in democratic assemblies.

Some are asking, why is it that this measure comes forward at this time? Why were not all these measures of social security thought of years ago? One might as well ask why, when the British North America Act was being considered, some provision was not made in the act at that time for old age pensions, unemployment insurance and these many other social measures? The answer is very simple. Conditions were very different in Canada in 1867 from what they are in 1944. Conditions were very different in all parts of the world a hundred years ago, fifty years ago, twenty-five years ago, from what they are to-day. The world has been shrinking. Not merely nations but continents have been drawn into competition with each other in a manner that was never even dreamt of a few decades ago. The regime of hand tools where competition took place as between individuals in their own particular homes and crafts has given place to the regime of machines where competition is not as between human beings and their skills but as between what huge investments of capital internationally combined are able to effect in the competition between different countries. All this has

brought about an entirely different social and industrial order, and a social order which is now crying out for remedy of the injustices that have been created as a part of it.

Let me say this at once: I do not wish to be understood in what I am saying as inveighing for a moment or in any way against one class or another. I am not speaking in the interests of labour as against the interests of capital. I am speaking in the interests of both. The conditions which confront the world to-day make it impossible for employers any more than for employees in any one country to avoid periods of depression, to avoid financial crises, to avoid the consequences of drought in one part of the world or famine in another part and the many causes which contribute to the closing down of industries. These things are as much a peril to the employing class as they are to their employees—not as much, no, I should not say that, but they are a peril to both. Capital, however, can wait; labour cannot wait. Capital can find other means of investment; labour cannot. Labour to-day cannot change quickly from one occupation to another; capital is mobile; labour is not mobile to-day. And when I speak of labour I speak of it in the broad sense of the word as including all classes of labour, whether it belongs to industries in the cities or is employed in the country. In other words, our most difficult problems are human problems; they have become world problems, and they have to be dealt with in a different way to-day from the way they have been in any prior period of the history of the world.

If we are going to save degradation of the standard of life we have to fortify the position of the industrial classes through the agency of the state by measures such as the one that is being brought before the house to-day. May I point out that, in the speech from the throne of last year, the government drew attention to the fact that it was essential to-day to have what is known as a minimum standard of life, a minimum standard of human welfare and of social security, not for one class only but for all classes. To-day with the world economy what it has become we can no longer afford to talk in terms of classes; we have to think in terms of our common humanity and our common obligations to each other, and the necessity of caring for the well-being of all if the well-being of each is to be preserved. Hence I say that a minimum standard of life, something that will secure to all, at least enough to live on and for heads of families enough to bring up a family on, under decent conditions, is essential if there is not to be developed much that is bad in social conditions.

This house has been discussing the clearance of slums. What is it that creates slums? Slums are created by members of families crowding into certain areas, areas that are the least desirable in which people should live. Why do families crowd there? They crowd there because those are the districts where the rents are lowest. It is only in such parts that a good many of those who have large families can hope to be able to find the rent small enough that they can pay it, in order to have a roof over their heads. Well, if we are going to clear the slums we shall have to make some provision whereby the condition will not continue to exist, in which men, heads of families, who are willing to work, ready to work and do work, do not have enough income to bring up a family. And that is the position to-day with respect to large numbers of the people in this country as well as in other countries, perhaps less in this country, but certainly existing here as well as in others. If, in some way, means can be found to see that the worker who has a family, if he is willing to work, will be able to get sufficient to bring up his family in a decent way, then we can help to solve the slum problem and we will help at the same time to solve one aspect of the housing problem. To-day you find, from all quarters, appeals to the federal government to supplement private investment by government grants and government subsidies for the purpose of providing housing. We cannot escape it. We are making provision for that very thing in this parliament at this time. Why are we doing so? We are doing it because we have a large number of families, whose heads at the rate of remuneration they are paid, cannot make enough money to secure the adequate housing they need for their families.

Money paid out in family allowances will go toward helping to secure better homes for the people. The persons who receive this money will be the first to think of how they can use it to the best advantage of their families.

And just here may I say a word at once about what I know is in the minds of a great many people. It will be said, Oh, yes, it is all right to help those who are willing to help themselves, but this money in large part is going to people who will not know how to use it, who will waste it, who will spend the money on pleasure, possibly spend it on drink. Well, may I point out in the first place, that

any test that is a test should be applied to all classes in society. And I would ask where, any more, are the statistics which prove that money possessed by those in humble circumstances is more largely spent on drink and pleasure and on illicit ways of living than is the case among those who already have so much money that they do not know what to do with it? I resent very strongly in the name of the humble poor any kind of a challenge—

Some hon. MEMBERS: Oh, oh!

Mr. MACKENZIE KING: Hon. gentlemen opposite may laugh at the mention of the words "humble poor" if they desire to do so.

Mr. McGREGOR: Why don't you bring it in now and not wait for another year?

Mr. MACKENZIE KING: That is a very bright interruption. I have already answered that question but my hon. friend was asleep. He has only just wakened up. It was only when I began to say a word about the humble poor and their circumstances that hon. gentlemen opposite began to hoot and to laugh. That roused him. I tell them, and I tell them quite frankly—I understand this measure is going to be challenged—that if the basis of challenge is going to be on the question of how money is used by people in humble circumstances, as against how money is used by those who are fortunate enough to have exemptions on their income tax as allowances for children we shall have it out to a finish on that very subject.

There is no instinct of man or beast stronger than the parental instinct. All nature tells us that animal life seeks to cherish and protect its own. Nothing is truer of human beings than that mothers and fathers think first of their children and how they can give their children opportunities in life better than they themselves have had. In support of what I have just said may I point to the motive that has brought to this country a large proportion of those who have come from other lands. They have nearly all come not so much because they wished merely to better their own conditions but in order that their children might have a better chance in life than they have had. They have been, most of them, in very humble circumstances, but they have been pleased to come to a land where there was opportunity to give their children chances they themselves never had. Many of them came from the countries of Europe to get away from the perpetual fear of war. Many of them have come from the British isles to get away from class distinctions, and the bar to improved conditions that so often goes with them. A great many have had in their breasts something of the sentiment cherished so strongly by Robert Burns when he wrote "a man's a man for a' that." It ill becomes anyone in this day to question how people, simply because they are in humble circumstances, are likely to discharge the greatest responsibility of their lives, namely that of looking after their own children. We are told, "Oh, we want to look after the children, but we would like to do it some other way." In other words, they would like to continue the old-fashioned method of seeing that something is done for others rather than permitting others to do things for themselves. That is a paternalistic attitude which is also contrary to the spirit of the present time. It savours of charity, and charity has become a nauseating thing to many who have had to submit to it in order to eke out an existence. The new order is not going to have things done as charity. What is to be done will be done as a matter of right. There will always be a place for charity; there will always be an opportunity and the necessity to help one's neighbour, but when it comes to these great social questions under a condition of society which dooms large numbers of people to a lifetime of penury, at the same time enabling others vastly to increase their incomes, then a searching analysis of the causes of differences becomes necessary.

Everyone knows that conditions of society to-day are such as to permit those who already have great possessions to become possessors of much more, while they serve to take away from those who have very little even that which they have. I have heard men boast about the positions they have achieved in industry and affairs. They may be justified in so doing in so far as what they have obtained has been the result of their own exceptional abilities, but I would ask all such how any man to-day could achieve anything in the way of great increase of wealth were it not for what the state itself does to make that possible. The state, by maintaining law and order, by its assistance to invention, by the facilities it provides in the way of transportation, communication, markets; by the community values it creates, the unearned increments it makes possible, all these and much more tend to help those who already possess much to acquire more, and at the same time take away something of what is possessed in very small measure by other members of society. More and more it is being recognized that present conditions enable some persons to make great fortunes and prevent others from gaining even a fair

livelihood. I have in mind some of the large industries, not only of this country but of all countries. One sees the head of one of our great industries, and the world looks up to him as one who has accomplished a great deal. But what could any individual accomplish in any industry if it were not for the men and women working in that industry? In employing men and women to work in industry to-day, where is the choice oftenest made in the first instance? As the figures I have mentioned show, in large part the choice is made from those who are single and without obligations. Next it is made very largely from those who have small family obligations. Thus men who have large families find it harder than others to obtain employment, and that being so their position becomes still more difficult. That condition requires to be remedied along the lines that research makes clear as desirable.

A good deal is being said at the present time about the Atlantic charter. We hear gentlemen blithely stating that from now on we must have freedom from fear and freedom from want. Are we in earnest about that? Has this House of Commons made up its mind that it is going to subscribe to the provisions of the Atlantic charter, and that we will do what we can to bring about freedom from want and freedom from fear? If so, I ask, where is the greatest fear to be found in this country to-day, apart from the fear of war? It is to be found in those families where there are several children and not enough in the home to provide for them. It is to be found in the minds of parents, who are worried as to how they are to provide for these little people, and it is to be found in the minds of the children themselves, as to how they are to fare in the battle of life. If we are in earnest about getting rid of fear and want we will begin by searching out first where want exists, and ascertaining its cause. If it is want that has been brought about through no fault of the individual himself, but because of an existing industrial system which the state permits to exist, then that want should be met in some way by the agency of the state itself.

I might take a moment to say a further word about the advantages of this measure. I have mentioned already what it may do in the way of improving nutrition. That is where the need is greatest; that is the first purpose for which the money that will go into the different homes will be used. And if it is used in a proper way, as I believe it will be, the effect upon the nation itself will be increasingly great as the years go by. Properly nourished families do not add to the drain upon the treasury which comes through unemployment, sickness and disease. Properly nourished children become active, productive members of society, and there is no doubt that this is the only way in which a strong and healthy citizenry can be built up. It is in the early years of life that the seeds of later decay are sown or avoided; and whatever is done in the way of encouraging the proper development of children will save a very great deal of trouble later on, and will indeed add to the strength of the nation.

I have already touched upon the question of full employment. If some such provision as family allowances affords is not made, and there should be periods when men are out of employment, the state will have to furnish employment in some way. We have gone through the experience of having the state furnish employment in times of unemployment; we have gone through the experience of trying to provide public works on an extensive scale to furnish employment; we have gone through the experience of the dole, of having to hand out money from the treasury to keep people alive and to avoid serious unrest. We know what that kind of policy provokes in the way of resentment in the breasts of the people who have to endure that sort of thing. Under a system of provision for families to meet legitimate existing need we are moving in the direction in which that kind of situation should be hereafter avoided. The fundamental basis for children's allowances is that the wage system takes no account of the family status of the wage-earner, and that over a considerable sector of Canadian industry the wages being paid are not sufficient to give a worker with a family an income which will keep that family in health and decency according to any reasonable current standard. The family income must somehow be supplemented, or alternatively a substantial portion of the population must be condemned to extreme poverty and its inevitable consequences in disease and crime, illiteracy, inefficiency and other forms of social degeneration. Allowances paid for all children, it is believed, afford the simplest, wisest and cheapest way of providing the supplementary family income. I have heard it said that some labour leaders are opposed to this measure, that they do not wish any substitute for higher wages, that they fear that that may be the effect of family allowances. Family allowances have never been intended as a substitute for higher wages nor will they serve as such. Family allowances will create a demand for commodities of all kinds that are being produced or manufactured

at home. Through creating a demand for commodities, they will create a demand for labour which, if it has any effect at all, will tend to send up wages rather than send them down. That has been the experience in countries where family allowances have been part of the economy.

Mr. HOMUTH: What countries?

Mr. MACKENZIE KING: Australia, New Zealand; I could name a dozen in Europe.

Mr. HOMUTH: Most of them have abandoned it.

Mr. MACKENZIE KING: My hon. friend is quite wrong, they have not. I can give fuller particulars a little later on. At any rate I challenge my hon. friend to deny what I have just said as to the effect of the expenditure of money by families, as to whether that of itself will not create a demand for commodities.

Mr. HOMUTH: I certainly will deny that it will give higher wages.

Mr. MACKENZIE KING: We in this country depend very largely on foreign markets. We are doing all we possibly can to help to secure foreign markets when the war is over. But we cannot tell how successful we may be. There are many in this country who put strong emphasis on the domestic market. For my part, I put emphasis on both. I think we should have as large a foreign market and as large a domestic market as it is possible to have. To the advocates of a domestic market I would point out that practically all the money that will be spent on family allowances will be spent to purchase commodities that are produced or manufactured in our country.

We must also consider the effect of this measure upon life in the rural communities. Family allowances will provide equal benefit to farm families and help to make possible a closer approach to equal opportunities for farm children. For the most part our social services have come to be centred in the urban communities, in our towns and cities. So far as social services generally are concerned the rural parts have been left very much to shift for themselves. We know that the position in many rural homes is very difficult. Children used to be considered an asset by their parents through being able to help with work in different ways, but to-day a large number of children may come to be more or less of a financial liability because of changed conditions. This is particularly so in cities. But certain it is that the balance has been against the rural communities with respect to social services, welfare, education and the like. Expenditures under family allowances will be used by the people in the rural areas to help to improve the health and the education of their children, help to gain for them more comfortable and sanitary homes and many opportunities that they otherwise would not have. Especially will this be so in poorer agricultural districts, and in years of poor crop and crop failure. Combined with the floor under farm prices, family allowances will give real social security to rural Canada for the first time in our history.

Mutual aid is a principle that this parliament has accepted, and accepted in a large and splendid way. We have voted something like two billion dollars for purposes of mutual aid as between nations. As soon as the war is over I think we should apply more and more the principle of mutual aid to meeting the needs that arise within our own country. The doctrine of mutual aid is the antithesis of the doctrine of force. Mutual aid is a way of bringing about results by considering other persons perhaps a little more than one considers one's self. This measure is based on the mutual aid principle. Family allowances are a form of mutual aid. We are recognizing that the weak may be weaker unless they are assisted by the strong, that instead of having our social and industrial organization such that the weak are serving the interests of the strong to the exclusion very often of their own interests, we will have the strong assisting to bear the burdens of the weak. I should perhaps point out that the moneys used for purposes of mutual aid to help win the war, have enabled Canada to maintain total employment, fulfil her obligations of a total war effort, and thereby give employment to large numbers of persons who in turn on receipt of wages have created still further demands.

This brings me to the question of the cost. Some hon. members will say that this measure is going to cost a lot of money. I might ask the house how much this war is costing, how much we are actually spending each day for the war. I doubt very much if the cost of this measure will bear comparison with expenditure on the war as it is being incurred, and so largely met, by this country to-day. It is about two week's expenditure, in fact. If it is going to help to carry the country safely through the period of readjustment and for years to come serve to avoid a large measure of unrest that otherwise will be inevitable, if in its place it is going to bring contentment and at the same time help to develop a strong and vigorous nation, I think we will be able to count the cost as not being in any way excessive.

As I mentioned the other day, the estimate that has been given by the Department of Finance through the bureau of statistics is that the total outlay will be $250,000,000 per year. Of that amount, it is estimated that there will be recovered out of the corresponding reduction of present income tax allowances between $50,000,000 and $60,000,000 based on the present rates. That would bring the cost down to approximately $200,000,000. But I venture to say that a large proportion of that cost will be redeemed and recovered in the more buoyant revenues resulting from increased employment. That will be one of the immediate effects, and the results will be more marked over a period of years if our citizenry is improved as a result.

I shall not say more at the moment. Possibly hon. gentlemen opposite will raise some points and I shall have the opportunity, along with others, to deal with them at the close.

In conclusion I wish to say a word about one charge that has been brought against the government arising out of the introduction of this measure. It has been described as being "legal bribery". I do not know what legal bribery means. It seems to me to be a contradiction in terms. Bribery is illegal, it is a crime. This measure however has been described as being in the nature of bribery. I wish the leader who made that statement in the name of his party were on the floor of this house at the moment.

Mr. HOMUTH: There are others who will answer for him.

Mr. MACKENZIE KING: My hon. friend says that he will answer for him?

Mr. HOMUTH: I said that there are others who will answer for him.

Mr. MACKENZIE KING: If any one who answers for him repeats the statement he has made, that this is a measure of bribery, I shall immediately ask Mr. Speaker to ask him to withdraw the statement and he will be obliged to withdraw it. As my hon. friend well knows, a statement of the kind cannot be made on the floor of this house or if made would have to be withdrawn. Anyone who purports to be taking a responsible part in the political affairs of this country should not make a statement outside the house that he would not dare to make in the house.

Anyone who claims that the motive behind this measure is bribery in any form whatever, especially after mention of the measure in the speech from the throne, first of all reflects upon every hon. member of this house—that I wish to have clearly understood. Such an accusation is an insult to the intelligence of the electorate. It reflects more upon the integrity of Canadian citizens. When it is suggested that the people of Canada will be governed in their appreciation of the laws of this country by bribes offered to them, a pretty serious charge is being made and one I believe that will be deeply resented by the people of Canada.

I resent that charge very strongly, and in a personal way. I have given my life, the greater part of it, to seeking to improve the conditions of the people of this country. When I left the university of Toronto, fifty years ago, instead of following the profession of law, which my father was anxious I should, I took up post-graduate studies of social problems because I was especially interested in the conditions of the people and hoped to be able to serve them in my day by an understanding of their problems. I shall not detail the steps I took to further my studies, but I would point out that they were all in the direction of seeing what could be done to improve conditions that were injurious to the well-being of the great masses of the people.

When I gave up the idea of an academic career and came to Ottawa in 1900 to start a Department of Labour in Canada, I was not seeking to bribe the Canadian people. I was seeking to establish an agency of government which through the years would tell more and more for the betterment of the conditions of the people of Canada. When after eight years spent in building up a Department of Labour and seeking to further social legislation through that department, I resigned as its permanent head to contest a Conservative riding and to enter into parliament, I was not taking up social questions with a view to finding a way into parliament. I was seeking to get into parliament in order that my voice might be heard in parliament in regard to social problems and conditions which I wished to see improved. My voice in this parliament, as hon. members know who were here from 1908 to 1911, was raised as opportunity presented itself on behalf of improving the conditions of the people. I need only mention anti-sweating legislation to indicate the very first step I had taken to better conditions of the working people and prevent men from having to work for wages inadequate to enable them to bring up and care for their families.

When I was defeated in 1911 and out of parliament for a time, did I give up my interest in social questions and in the well-being of the people? I have in my hand a book of which I am proud, *Industry and Humanity*. The book is a study in the principles under-

lying industrial reconstruction. The book was written at intervals in that period when I was not in parliament but was engaged on industrial research and in furthering maximum production in war industries. It was written in the hope that there might be found within its pages a statement of principles which, if applied after the war, might help to remove the causes of wars and be a means of improving the conditions of the people. The principles which parliament has been applying in this very session, and in preceding sessions in the social legislation that has been brought down are all in accord with what is set out in that volume. If hon. members would read a chapter entitled "Principles Underlying Health" they will find the advocacy of a national minimum standard of life, the advocacy of social security, the advocacy of the very measure we are introducing in parliament at this time.

I have been in parliament now for twenty-eight years. Shortly after I came back into parliament nearly twenty-five years ago, almost the first measure, if I recollect aright, in which I interested myself was one to see that the pension rights of which men working on the railways of this country had been deprived were restored to them, though it took a period of from ten to twelve years to bring that about. From that time I have sought whereever opportunity offered to further one social measure after another. I call to witness the measures of the old age pension, unemployment insurance, and a great number of other social measures now upon our statutes.

I mention these things in order to make clear that my interest in these matters has not been in the way of seeking to bribe the people of this country. The same statements however I heard made in regard to the very measures I have just mentioned, the measures related to old age pensions and unemployment insurance. I think the sooner that that term bribery as applied to social legislation is dropped, the better it will be for all concerned.

Having given the greater part of my life to an honest endeavour to improve the lot of my fellow men in Canada, I do not propose now that I am in my seventieth year to begin a career of bribery to further this end. I have gained the confidence I have from the people of this country, not from any thought in their minds that I was seeking to bribe them in measures for which I have always stood. I have gained the support of the people of this country in larger measure than any other man in the public life of Canada in this past quarter of a century. I have remained in public life and gained the confidence of the people of Canada because they knew that I was standing for principles and polices in which I believed, and that I would stand and fight for them at every opportunity that presented itself. I have fought for measures of social security and national well-being in season and out of season, in parliament and out of parliament, in this country and in other countries. I have fought for them wherever the opportunity presented itself, and win or lose in the future, I intend to fight for them to the end of my days. When that moment comes there will not be any thought of bribery associated with my name in this country, if I can leave nothing else to my fellow men, I will at least leave to my party and to my country an honourable name.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, in rising to take part in the debate on the second reading of this measure I desire to make an observation or two based upon some of the remarks which the Prime Minister (Mr. Mackenzie King) made in the latter part of his speech this afternoon. I would like to say to him and to the house that neither he nor any other man in this house can properly lay claim to a monopoly of the finer feelings which the Prime Minister expressed, or the social philosophy which I fancy is developed very highly in the minds of the membership of this house about which he generalized so freely this afternoon. These are not held by the Prime Minister alone; neither is honesty of purpose a monopoly of the Prime Minister. There is not one hon. member but who desires to leave this house with a name as honored and honourable as that of the Prime Minister.

I purposely let the Prime Minister conclude his remarks without a single interruption; in this connection he has always shown great courtesy to me, and I ask his party to follow his example in this, as I know that in other things they slavishly follow it.

The Prime Minister made some remarks with reference to the national leader of our party, though he did not mention him by name. This is not the first occasion upon which he has attempted to pick a quarrel with the leader of the Progressive Conservative party.

An hon. MEMBER: It is hard to get at him.

Mr. SPEAKER: Order.

Mr. GRAYDON: If hon. members across the way want a rough-and-tumble fight, I have no objection, but I thought we were trying this afternoon to discuss a matter of grave national importance, and it is my desire

to deal with the subject in the appropriate way. But every time the Prime Minister hears or thinks of John Bracken his blood pressure immediately rises. Perhaps it is good for his health that John Bracken is not in this house, because I am afraid that if our leader were closer to him the Prime Minister would suffer a collapse. Time after time he has talked about John Bracken taking a seat in the House of Commons; but from the information I get, which comes direct from the Province of Saskatchewan and from no less a person than the premier of that province, yesterday, the problem is not now how John Bracken is to get a seat in this chamber, but how the Prime Minister of the Dominion of Canada who sits right here is to retain the seat he has.

Mr. MACKENZIE (Vancouver Centre): He has a seat here now; Bracken has not.

Mr. GARDINER: We do not agree with the premier of Saskatchewan.

Mr. GRAYDON: The Prime Minister has done a great deal of very favourable advertising for the leader of our party, and for that we are extremely grateful. I hope that he will not desist from these tactics in the days that lie ahead. It is only another evidence, of course, of the growing strength of the leader of our party that the Prime Minister of Canada is paying so much attention to him.

Mr. MACKENZIE KING: My hon. friend is afraid—

Mr. GRAYDON: Now I know I have struck a tender spot, but I think the Prime Minister may as well sit down. Of course if he is making a point of order I am prepared to give place to him.

Mr. MACKENZIE KING: It is just this—

Mr. GRAYDON: But if it is an interruption, I will ask the Prime Minister to take his seat.

Mr. MACKENZIE KING: There is a point of order. I would ask his honour the Speaker in what connection my hon. friend has the right to bring in a question of Saskatchewan elections.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: If he is trying to bring Saskatchewan to the fore in this discussion, I would ask him to look at what happened in Saskatchewan to his party in the recent election.

[Mr. Graydon.]

Mr. GRAYDON: I knew that that reference would bring the Prime Minister to his feet. There is, I suppose, no touchier point I could have raised this afternoon.

Turning to subjects which may not be quite so controversial, I notice that when he made reference to the return of the armed forces he talked about this bill as one which would give them a great lift and a better deal. I hope he did not mean that what we intend to do for the armed forces for their rehabilitation in this country is to give them jobs which are below the income tax level in Canada. That is what this bill actually calls for.

More than that, when the Prime Minister talks about the little man and the small income earner in Canada, we must not forget that what he has provided in this bill is help for children who are under the age of sixteen, while in the higher income brackets of this country allowance is made for children under the age of eighteen, and in some instances, twenty-one. So when my hon. friend and colleague here interrupted the Prime Minister to ask him why he did not bring this bill into operation earlier than July 1, 1945, the Prime Minister at that stage set himself up as the political pugilist for the poor, as I understood from his language. Naturally my hon. friend, who has perhaps had a closer contact with the poor of Canada than almost any other man in the House of Commons, for he came up from that class himself, smiled at the Prime Minister, not because of the reference to the humble poor, but because of the man who is setting himself up as the monopolistic champion of that class of Canadian citizens.

I wish now to say one other word with respect to the position of the humble poor of whom the Prime Minister spoke. The right hon. gentleman said in his remarks that of course the poor people, those in the lower income groups, ought to know how to spend their money just as well as those in the upper groups. In fact he said, I believe, that they might be a little more capable of spending their money than those who were financially better off.

Mr. MACKENZIE (Vancouver Centre): They have to be more careful.

Mr. GRAYDON: With that I am in perfect agreement. Nobody will hear me make any statement or raise any argument such as was anticipated by the Prime Minister. As a matter of fact the difficulty I see with the Prime Minister's argument is this, that

although he speaks very appealingly on the subject of the people being able to look after themselves, he has included in this very bill a section which states as follows:

5. The allowance shall be applied by the person receiving the same exclusively towards the maintenance, care, training, education and advancement of the child—

Then comes the joker—and it is particularly a joker in view of the words used by the Prime Minister when he was championing the humble poor a few minutes ago:

—and, if the minister or such officer as is authorized by regulations in that behalf is satisfied that the allowance is not being so applied, payment thereof shall be discontinued or made to some other person or agency.

I ask the Prime Minister, if this is to be done with people who are receiving less than $1,200 a year, why is it not applied to those he talked of who are above the $1,200 level and are getting allowances on income tax? That of course is completely destructive of the argument which the Prime Minister now proposes.

Now I want to make a few observations with respect to the measure itself. Let me make this clear at the very outset of my remarks. It will summarize our position as a party with respect to this measure.

I wonder if I may have some order in the house. I have continually had to speak to the Minister of Pensions and National Health; I have done it always in a very friendly manner, but may I say to him that I do not want to have to call him any more "the official interrupter". I should like to see that term banished from the records of the house, and he can help me in this matter.

Mr. Speaker, we support wholeheartedly and without reservation the purpose and object of this bill, namely, the raising of the standard of family life in the lower income groups and the strengthening of all family life in this country, but we are convinced that this bill in its present form cannot achieve that purpose and object. We shall give our reasons for such belief. We propose to offer another and better way of achieving that purpose and object. In simple language, there is where our party stands.

That there are breadwinners in Canada whose wages and income total less than $1,200 a year reveals a condition of which this nation can scarcely be proud. Yet there are said to be no less than 750,000 families whose total yearly returns fail to reach that figure. Such a condition existing at a stage of our national development where work is easy to get and the man-power situation is tight calls for a new deal for the "little man" in Canada. There should be in this nation no breadwinner who makes less than $1,200 a year, which, calculated on a weekly basis, amounts to around $23 a week. I ask the house how a little family can be properly raised on anything less than that. It is evident that in the new and expanding economy which must come in the future such conditions must form no part, and I fancy in this House of Commons, regardless of political considerations, I shall have very complete and thorough agreement on that point.

The Progressive Conservative party strongly supports the principle of more equitable adjustment of the extra burdens, borne by parents of families, over the resources of the state, and over all members of the community as a whole. There has long been a compelling and urgent need of action to meet this problem, not only in our low income groups but in fact all through the great sturdy middle class of this country as well. Surely on this we can all agree, and also that we should move, and should have moved long ago, to deal adequately and effectively with such problems.

The measure and methods which the government now submits to us to achieve these ends we do not think are adequate. Left to regulation is the whole tremendous administrative set-up, all the procedures to be followed, as to whether the dominion is going to set up treasury and dominion welfare offices in all the provinces and in the major cities and towns of the country. All this haziness and this demand on parliament for an open warrant to set up committees, board and tribunals and staff is not to meet the problem head on, but rather is it a request for authority to do as little or as much as cabinet desires and to defer any actual, practical help to July 1, 1945. This measure is only an isolated link in what should be a chain of comprehensive welfare and security plans for the home and family and child life of this country. The government must know that this is an illusory, hastily prepared and untenable measure. It must surely be aware of its unconstitutionality. It must know that it is not good enough or sound enough to be put into effect. The public must be made aware that the effect of its illegality will be to delay benefits sought. This measure, which concerns the basic relations in our social life, and which will affect our whole present provincial system of child welfare, mothers' allowances, children's aid, standards of wages, educational authority and child welfare jurisdiction, is presented to parliament not in the form of a complete statute but in the form of authority for regulations

to be passed. The very character of the measure perpetuates bureaucratic control through delegated authority into our post-war economy, on a measure not connected with the prosecution of the war itself, as is evidenced by the fact that the government postpones its operation for nearly a year.

We support the purpose and principle of elevating the standard of family life among the masses of our people, but we do not believe that this bill will adequately and effectively carry that out. Some of the reasons for such a stand I shall now enumerate:

1. It is unconstitutional and invades the jurisdiction of the provinces. In other words, it proposes to do things which this parliament has no power to do, and this without even consulting the provinces first. It is a direct thrust at the rights and responsibilities of the provinces, who doubtless will oppose such an illegal encroachment upon their recognized field of welfare services. A measure that will not stand up in court is worse than no measure at all; for it only delays the relief and reform it purports to give. This bill in my opinion, if passed, will be as powerless as a day-old kitten to further the objects and purposes it sets out to accomplish. It might be profitable to recall the words of caution and warnings of disaster on the constitutional point employed by the Prime Minister when he inveighed against the social legislation introduced in the session of 1935. As late as July 14 last we heard an echo of that debate when he spoke of the social legislation introduced at that time, and this is what he said:

> That legislation was introduced and placed upon the statute books, but what happened? The matter was appealed to the supreme court which held the whole body of legislation ultra vires. I ask my hon. friends whether that was helping the social order in the country or whether it was the sort of thing that was calculated to provoke social unrest.

I toss those words back to him now and ask him, after the experience he related with respect to that legislation, whether he can consistently introduce a measure now which is in a similar position. I say it is a dangerous and retrograde step to promise the underprivileged people of this nation something in a measure which is limp, which is crippled and which is powerless in law. Others in our party will deal further with the constitutional aspect of this measure, and I do no more than mention it at this juncture.

2. It seriously endangers the setting up of minimum wage standards in Canada, and may be accepted in many instances as a substitute for better wage levels. It is a thrust at the power of collective bargaining and of minimum wage principles. Labour has always looked with a doubtful eye on such legislation as this bill envisages, and not without good reason.

3 It adds a further strain on our national unity. There is but one province which has maintained the high birth rate and large family which was so characteristic of Canada's pioneer strains. That province's contributions to the general revenue will be out of proportion to the heavier deflection of payments that will have to come from other provinces to pay that province's heavier share of these subsidies. A proportionately lower revenue provider receiving a proportionately higher subsidy can scarcely make for greater unity at this stage in our national life.

4. It disregards the whole question of need in family life and child welfare. It is a direct threat to a more comprehensive social programme where cash grants to those in need and adequate health, educational, housing and general welfare provisions would have their place. It thus ignores the needy families of our nation's taxpayers and the heavy expenses incurred by parents with children over sixteen. The loosing of this lone wolf to range in a constitutional no-man's land can seriously threaten the developing dominion-provincial network of assistance and health provisions and even hold back other programmes. This is in the present set-up only "bull in the china shop" legislation and rides rough-shod over social welfare undertakings of the provincial and municipal authorities. This "intruder" legislation runs the risk of disturbing and delaying the progress being so rapidly made by other jurisdictions.

5. It foreshadows the building of a giant peace-time bureaucracy with its inevitable controls, offices, inspectors and machinery. This nation wants to get rid of this kind of thing when the war is over, and here we have this unpopular war-time policy being perpetuated in the period of peace. The bill itself is little more than the barest authority upon which orders in council can be based. The real legislating with respect to this measure will be done behind the closed doors of cabinet council.

6. It is blank cheque legislation without the emergency of war time to justify it. When the flesh is put on the skeleton of this legislation by cabinet-made regulations the people and parliament will be spectators in the grandstand rather than participants in its framing. It will result in a costly overlapping of services and will reach its finger into the lives of the people directly from the centre of bureaucracy itself. That to agriculture and labour as well

as citizens at large will not be a welcome provision in the bill. They are fed up with bureaucracy and controls.

7. It attacks the very basis of our system of justice, for it asks for power to constitute solely at the discretion of the minister and his appointees a system of committees, boards, tribunals and agents with undefined powers and and with denial of appeal under specified heads and with prosecution for infringement of the act, solely with the minister's consent. It constitutes a threat to the liberty of the subject which to say the least may be extremely dangerous.

8. It is a costly duplication of existing services. It gives power to the federal government to set up expensive overlapping agencies where provincial, municipal and voluntary services are now doing a good job. This superimposition of federal machinery on top of existing provincial machinery cannot help but be wasteful and inefficient.

9. It denies the basic principles of social justice. Such justice calls not for the mass treatment of all people as the same, such as marked unemployment relief, but for treating life as it is, individually and the needs of families differently as they are different. The needs of a family in the winter in my part of Ontario are different from those in the far north. Families in a teeming slum and families in the Okanagan; families in the eastern townships and families in Cape Breton's mining or fishing villages, have very different needs. This scheme lumps them all together and gives the same grant to all. Could the injustice be more patently apparent?

Having stated some of the reasons why we feel that this measure is not in the interest of a better method of raising the family standard in Canada, I now move the following amendment, seconded by the hon. member for York-Sunbury (Mr. Hanson):

That all the words after the word "that" in the said motion be struck out and the following substituted therefor:

"in the opinion of this house it is desirable that the standard of family life among the masses of the people in Canada be raised,

"but in view of the fact that bill 161 is not within the constitutional competence of the dominion parliament, that it be not now read a second time, but that it be referred to the special committee on social security with instructions that the bill be studied and redrafted after consultation, collaboration and in co-operation with the provinces as a joint undertaking and introduced before this house prorogues. Such redrafted bill shall contain specific details as to the administrative machinery, forms and procedure under which the bill will be administered and shall provide that any contributions to be made under the terms of the said bill by the dominion to a province shall be conditional on the federal Minister of Labour certifying that the standard of wages in that province is not lower than the average standards of wages for similar work in the other provinces.

May I propose to the government that as dependents' alowances come properly under federal jurisdiction, the allowances now paid with respect to children of members of our armed forces be augmented at once by the amounts mentioned in the bill now before the house instead of delaying such payment till July 1, 1945. The same should apply to those coming within the provisions of the Pension Act. The government possesses the power to do this quite apart from this bill, and it may also be properly pointed out that such records are available. There is no legitimate excuse for delay. It is merely a matter of increasing the amount of the cheque.

Before I conclude I should like to express the hope that the government will be diverted from their charted course and accept our amendment which is designed to meet more effectively and quickly the problem we are all trying to solve. Its acceptance would prevent such an unconstitutional and unworkable piece of legislation from being tossed into an election campaign where there might be a temptation to make three and a half million political footballs out of Canada's children. At all costs they must not be made pawns in a political game. The public are bound to regard a bill so patently unconstitutional and unworkable, brought in at the dying days of a dying parliament by a dying government, as a last straw to which this drowning administration clutches to save itself in the churning sea of political unpopularity.

On behalf of the children and their parents across Canada who are badly in need of real and immediate help, I repeat my demand and plea that we must have legislation which will work, and which has teeth, and which will provide the essential assistance to the hard-pressed parents of families across the dominion who are struggling hard and doing their level best to keep up in the uncertain race for economic survival to-day. Let us help these people. Let us not just say we will help them a year from now by undisclosed ways and means. Actions speak louder than words, and this party stands for action.

Mr. MACKENZIE KING: I rise to a point of order. My hon. friend has proposed that the bill be not now read a second time but that it be referred to a committee. I do not wish to say that my hon. friend is not as well aware of the rules as he should be, but he

certainly ought to have known that his motion is out of order according to standing order 75, which reads as follows:

Every public bill shall be read twice in the house before committal or amendment.

As the amendment proposes that the bill be not now read a second time but be referred to a committee it is, I submit, out of order.

Mr. GRAYDON: May I say to the Prime Minister that if that interpretation of the rules were to be accepted, then of course one of the major banking bills of this session was not dealt with in the proper way. It was referred to the banking and commerce committee before it was given second reading.

Mr. MACKENZIE (Vancouver Centre): No; which one?

Mr. GRAYDON: The Alberta Bank bill. I distinctly remember that that was done at that time.

Mr. MACKENZIE (Vancouver Centre): The subject matter.

Mr. HANSON (York-Sunbury). The Alberta Bank bill was referred to the banking and commerce committee.

Mr. MACKENZIE (Vancouver Centre): Not the bill itself, but the subject matter of the bill, which is very different from the bill.

Mr. HANSON (York-Sunbury): The subject matter of the bill is the bill. The Alberta Bank bill was referred to the banking and commerce committee on every occasion on which it was brought forward before second reading was given to it. I vividly recall requesting the administration at that time not to pursue that course. If the government take the responsibility of trying to eliminate this amendment, that is their responsibility, but the public will desire to see a test made on this amendment.

Mr. MACKENZIE (Vancouver Centre): The amendment is out of order.

Mr. HANSON (York-Sunbury): I do not think so.

Mr. SPEAKER: I have read the amendment and standing order 75, which is as follows:

Every public bill shall be read twice in the house before committal or amendment.

The amendment states that the bill be not now read a second time, but that it be referred to the special committee on social security. My recollection is not that of the hon. member for York-Sunbury (Mr. Hanson). It was the subject matter of the Alberta Bank bill which was referred to the banking and commerce committee. In my judgment the amendment now before the house falls under and is contrary to the provisions of standing order 75; consequently the bill cannot be referred to a committee before second reading, and I shall have to rule the amendment out of order.

Mr. GRAYDON: If that is your ruling, Mr. Speaker, we desire to appeal from it.

Mr. SPEAKER put the question as follows:

On the motion made by Right Hon. W. L. Mackenzie King that bill No. 161, an act to provide for family allowances, be now read a second time, Mr. Graydon, seconded by Mr. Hanson (York-Sunbury) moved an amendment. I ruled the amendment out of order on the basis of standing order 75, which states that every public bill shall be read twice in the house before committal or amendment. The leader of the opposition has appealed against the decision

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the chair was sustained on the following division:

YEAS

Messrs:

Abbott
Authier
Bertrand (Laurier)
Bertrand (Prescott)
Black (Chateauguay-Huntingdon)
Blair
Blanchette
Bonnier
Bourget
Bradette
Breithaupt
Bryce
Cardin
Casselman, Mrs. (Edmonton East)
Castleden
Chevrier
Clark
Claxton
Cleaver
Cloutier
Coldwell
Corman
Coté
Crerar
Cruickshank
Dechene
Dorion
Douglas
Dupuis
Edwards
Emmerson
Eudes
Fair
Fauteux
Ferland
Ferron
Fournier (Hull)
Fraser (Northumberland, Ont.)
Fulford
Furniss
Gardiner
Gibson
Gillis
Gladstone
Golding
Graham
Grant
Hanson (Skeena)
Healy
Henderson
Hill
Howden
Hurtubise
Ilsley
Isnor
Jean
King, Mackenzie
Knowles
Kuhl
LaFleche
Lafontaine
Lalonde
Leduc
Leger
Little
McCann
McCuaig
McCulloch
MacDiarmid
Macdonald (Brantford City)
Macdonald (Halifax)
McDonald (Pontiac)
McGarry
McGeer
McIlraith
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McLarty
MacLean (Cape Breton North-Victoria)

McLean (Simcoe East)	Ralston
Macmillan	Reid
McNiven (Regina City)	Rennie
Marier	Rhéaume
Marshall	Rickard
Martin	Roebuck
Matthews	Rose
Maybank	Ross (Calgary East)
Mayhew	Ross (Middlesex East)
Michaud	Ryan
Mitchell	St. Laurent
Mullins	Sanderson
Mulock	Sissons
Nicholson	Soper
Nielsen, Mrs.	Taylor
Nixon	Thauvette
O'Neill	Tripp
Parent	Tucker
Picard	Veniot
Pottier	Ward
Pouliot	Warren
Power	Weir
Purdy	Winkler
Quelch	Wright—127.

NAYS

Messrs:

Adamson	Jackman
Anderson	Lockhart
Bence	McGregor
Black (Cumberland)	MacKinnon (Kootenay East)
Black (Yukon)	MacNicol
Boucher	Neill
Bruce	O'Brien
Cardiff	Perley
Desmond	Ross (Souris)
Diefenbaker	Rowe
Fsling	Senn
Fraser (Peterborough West)	Stirling
Graydon	Stokes
Hanson (York-Sunbury)	Tustin
Hazen	White—30.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, in discussing this important measure this afternoon I have no set or prepared speech or remarks to make. I want to say immediately that we of this party welcome heartily the introduction of this measure. However, I wish it were a part of a wide social security programme much more comprehensive than any of the measures that have been placed before this house up to the present time, or perhaps I should say, up to this stage of the session.

This afternoon as I discuss this measure I am thinking of the years that have gone by. I think of 1921 when the late Mr. J. S. Woodsworth appeared as the member for Winnipeg North Centre. I think of the many years he spent endeavouring to popularize social security measures in this house as he succeeded to a large degree in popularizing them across the country. I have no doubt whatever that it is not only because of the new order, of which the Prime Minister (Mr. Mackenzie King) speaks, but because of the long process of education carried on in this country by pioneers for social security that this important bill has reached its second reading to-day. As one of the party which has consistently urged the adoption in this country of comprehensive social security measures, I welcome this proposal.

I regret that the constitutional argument has been introduced at this time by the official opposition. I think that was a move to shelve this important matter, and I am glad, Mr. Speaker, that your ruling has been sustained. I regret that any constitutional doubts which may exist have not been resolved ere this. When we met in 1940 the Sirois commission had been inquiring into the needs of the country. It made a comprehensive report regarding some of the constitutional difficulties arising in connection with various provinces and the dominion. I think it is indeed a tragedy that right up to the end of this parliament we have not had an opportunity of endeavouring to resolve those difficulties to which such striking attention was drawn a few years ago.

The government has promised throughout the whole of this session, and before he went to Britain to attend the prime ministers' conference the Prime Minister said that a meeting of the premiers of the provinces would be called at an early date in order that these matters might be discussed and considered. I am sorry that at this stage, when the life of this parliament is running out, when the sands of the government are running low, that we have not yet seen convened by the Prime Minister the conference which could consider the very important matters which some people evidently are inclined to raise. When I say, "some people" I take it that the leader of the opposition (Mr. Graydon) had in mind that the constitutional issue would be raised by one of the provinces where his friends are in control.

I said a few moments ago that in my opinion we should have this measure as part of a national social security programme. When this movement came into being as a result of the federation of many groups throughout this country with similar ends in view, we adopted a programme. That programme contained a statement regarding comprehensive social security measures for Canada. Throughout our entire existence our party has endeavoured to get these matters considered by the people and parliament. I have in my hand the very last statement that was made at our national convention two years ago when we said that we would work for and promote improved nutrition standards, family and mother's allowances. Hon. gentlemen will note that in that statement we included not

only family allowances but some other items that are of interest and importance in the realm of social security.

I quite agree with the Prime Minister when he said this afternoon that the new world, the new order as he put it, which we all hope is in the making will put the emphasis on human welfare rather than on wealth. Most of our laws in the past have been written for the protection of property. Parliaments have been more or less merely umpires in the economic realm. But to-day parliaments and legislatures everywhere in the world are forced to think more and more in terms of human welfare. Ten years ago, twelve years ago, and in the years before that, in this house the slogan that we adopted in 1932 was ridiculed from all sides. We said that there must be production for use rather than for the amassing of wealth and the making of great profits. But to-day we have had the satisfaction of hearing the Prime Minister on the floor of this chamber echo in other words the slogan of the party for which I speak. We ask, however, why is it that such measures were not introduced years ago?

The Prime Minister said that conditions were different seventy-five, fifty, twenty-five years ago, but I notice that he stopped at twenty-five. May I remind him that conditions that called for social security measures, for a nutritional programme, for family allowances, for widows' pensions, for better conditions for the aged and for those who were unable to secure employment existed ten years ago, nine years ago, eight years ago, five years ago, when we had nearly one million people in this country on relief, and when in the city where I lived, where we gave relief on the most generous scale of any city in Canada, people were forced to exist on something like an average of three cents a meal. Consequently, no matter what conditions may have been fifty or one hundred years ago, the conditions that existed between 1930 and 1939, in the years when this government was in power, or when hon. gentlemen to my immediate right were in power, called loudly for measures of this description. Let me remind the house that we are now but reaping the vengeance of those days. Those of us who have examined the figures that were given in the house showing the results of the physical examinations of the men who volunteered for active service in this war know that nearly one-half of those who volunteered in the early part of this war were rejected on physical grounds. To-day many men are suffering form physical disability because of the conditions they had to endure between 1930 and 1939 when this government or its predecessor was in power. One of the most common ailments to-day in our armed forces, I am told by medical men, is stomach diseases that were caused by inadequate feeding, malnutrition or no feeding at all in the days before the war. But to-day we have this measure, and in spite of the fact that it is belated, in spite of the fact that we regard it as only one short step, we welcome it because it is a recognition that human rights must come before property rights in our land.

Mr. HOWDEN: Stomach diseases usually come from too much feeding.

Mr. COLDWELL: Some of them do; but the hon. gentleman, who is a medical man himself, knows perfectly well that some stomach diseases which men are suffering from to-day came from starvation.

Mr. HOWDEN: I doubt it.

Mr. COLDWELL: One had only to cross this country in those days and see the boys feeding out of tin cans in the jungles to know that that kind of living would inevitably bring upon them the stomach diseases which some of them are suffering from to-day.

Mr. HOWDEN: I do not want to disturb the leader of the Cooperative Commonwealth Federation, but to the best of my honest belief I do not think you can develop any stomach disease from under-feeding.

Mr. COLDWELL: If you could not develop stomach diseases from under-feeding you could develop many other kinds of diseases from under-feeding.

Mr. HOWDEN: Well and good, but not stomach disease.

Mr. COLDWELL: Some medical men will tell you that irregular feeding, which these boys endured during those days, is one source of stomach disease. While over-feeding may be a source also, undoubtedly irregular feeding or no feeding at all is bound to bring about a considerable amount of stomach trouble. But I am not going to argue about the medical opinion.

I am pointing out that for years after this government came into power, in place of the hon. gentlemen who now comprise the official opposition, nothing was done to meet the dire necessities of the Canadian people. As I have said in this house once before, I recollect that a group of young men came right under this roof in February, 1939, and when they pleaded for an opportunity to get food, clothing and shelter they were told by the government that there was no way whereby this government

could do anything for them because the province was supposed to do it. When these young men went to the province they were told that they had not lived in the province long enough and that they should go to the municipality, and the municipality told them that they had not lived in the municipality long enough, but charity provided them with two meals a day and a bed at a mission in this city. Six months later the war broke out, and some of those very boys who were described right in this chamber by an hon. gentleman who sits not very far from here and supports the government as yaps and ne'er-do-wells were among those who enlisted. It is all very well to come along now in July, 1944, and make fine speeches about family allowances and nutrition and all the rest of it. But let us not forget the years that have gone by and the neglect of this government to do the thing that it ought to have done when it had the power to do it before this war broke out.

I said a few moments ago that this bill should be a part of a comprehensive social security plan and that we should see to it that it is not used either for the depression of wages or for the depression of farm prices. Properly carried out, I believe that it will prove a good measure so far as an increased consumption of farm products is concerned. Properly administered and properly viewed, and with adequate protection given to the wage-earner and the encouragement of organization among labour, I believe that it will be a good thing for the families of our working people. But let us remember that this must never be regarded as a substitute for either a floor under low wages or a floor under low farm prices. If it were ever so regarded, then I say to this house that its enactment would indeed be a tragedy. But I do not believe that it will ever be permitted to be used for either of those purposes.

Mr. MITCHELL: That was never suggested by anybody.

Mr. COLDWELL: It was suggested this afternoon.

Mr. MITCHELL: Not by us.

Mr. COLDWELL: I am not suggesting that it will be so used. I am simply pointing out that I hope and believe that it will never be used as a substitute for either. We believe, as a matter of fact, that family allowances find their proper place in any general programme of social security and family welfare.

There is one thing about this bill that I want to criticize constructively. Nothing I say will be said in destructive criticism of the bill. But it does seem to me that there is something wrong with the manner in which this bill is to be worked out, because the problem of maintaining a large family is surely greater than the problem of maintaining a small family. Yet we find under this bill that as the family increases in size the amount of the family allowance per child is reduced.

Mr. GRANT: The difficulty is not twice as great though.

Mr. COLDWELL: I think that is wrong. As a family increases the problem of caring for the family tends rather to increase than to decrease.

Mr. GRANT: No.

Mr. COLDWELL: Well, if that were not so, I believe there would be larger families.

It is to be remarked that this does not pretend to be a bill which will enable the state to pay for the maintenance of a child. If the cost as given this afternoon is between $14 and $15 a month on a low wage level—and it must be at least that—to maintain a child, and the average family allowance to be paid is $7 a month, then approximately the total payment, putting it on a rather low level, is about half what it takes to maintain a child in a family. It seems to me that if we are to have family allowances based on per capita grants to children we should see to it that the amount is not decreased if a family exceeds what we might term the average number.

Mr. MACKENZIE (Vancouver Centre): May I interrupt? That is directly against the findings of Sir William Beveridge.

Mr. COLDWELL: Yes, I knew that, but I cannot see the validity of the argument, and I am giving this constructive criticism of it.

The Prime Minister this afternoon made some excellent points in support of this measure. He said that to-day we are recognizing the fact that we are all dependent one upon another. I am glad that this recognition is being made not only in our country but throughout the world. We have had too much emphasis upon and propaganda about rugged individualism, rugged individualism which brought millions of people down to being ragged individuals; and I am glad the Prime Minister emphasized the fact that we are members one of another and that each one of us is responsible for the conditions which we find around us. As he said, the importance of our human resources is far greater than the importance of our material resources. I noted the figures which the Prime

Minister used this afternoon. He spoke of one million and a half families. I do not know how these figures were arrived at. While he was speaking I sent for *Hansard* of March 15, 1943, which at page 1230 gives the total number of children at home in Canada, twenty-four years of age and under, as 4,628,000, and a break-down by provinces. It struck me that, on the basis of a million and a half families, the estimate of three and a half million children might be a little low. I am not sure how the estimate was arrived at.

Mr. MACKENZIE KING: My figures were worked out from the census of 1941.

Mr. COLDWELL: Of course these are census figures for a different age-group. I just wanted to be sure that that was so. There are then in round figures a million and a half families and three and a half million children, and of those only a percentage will benefit from this legislation. Not all will benefit, because of the reduction in the exemption for children under the income tax law. It has seemed to me that it would have been better if the family allowance had been paid alike to all children; it would have been less complicated, and the matter could then have been dealt with above the exemption for income tax on the basis of income tax returns and exemptions. That would perhaps have simplified the government's plan.

Mr. MACKENZIE KING: I do not know if I understood my hon. friend rightly; but the intention is that throughout the dominion all will be paid, and the matter of adjustments will come afterwards.

Mr. COLDWELL: That is what I was not particularly clear about. But what I was going to say is that it strikes me although I have not been able to give the bill quite the study I might have given it under other circumstances, that the bill is very complicated. The matter of reductions on account of the size of the family and the variation which may occur in families by births and deaths and so on will involve a terrific administrative job, and I personally think it could have been made much simpler had another method been devised.

The proposed legislation for children's allowances calls, as I understand it, for a rising scale of payments—$5 a month for children less than six years of age to $8 a month to children of thirteen to fifteen years, together with deductions ranging from $1 a month for the fifth children to $3 a month for the eighth child and over. That is where, I think, the administrative difficulties of the measure are going to be very great, and I think a simpler plan should have been adopted.

Here I wish to interject my opinion that the financial commitment which the government is making—and this bill definitely commits the government to certain payments—ought to have been part of the budget. I agree that, instead of coming into effect on July 1, 1945, it should have come into effect, if brought in earlier this session, on July 1, 1944, or now at the latest, January 1, 1945, and the government ought to have carried out its constitutional obligation—I think there is one—when it provides for an expenditure, to make at least some provision therefor in the budget. If we were passing merely a resolution calling upon the government or parliament to consider the appropriation of a certain sum of money, as a target for an expenditure for social security measures, the position would be somewhat different, but we are definitely committing another to these expenditures. May I say that in one respect we are very glad that we are, but I just want to point that out.

I said a few moments ago that the plan to provide for a scale of deductions for each child above four, which I assume is considered to be the average, although from the figures given by the Prime Minister it is not the average, is bound to discriminate against the larger families. That is the first constructive criticism I would make against this measure, that there is no doubt a discrimination against the larger families. In my opinion this will not save the government a very large amount of money. I had an economist look into that phase of it for me; I happen to have a few notes which he made while I was away, and he estimates that the saving because of these deductions will amount to not more than $15 million a year; that we could have paid the family allowances without taking into account these deductions and that the cost would not have been more than $15 million greater than the $200 million net estimated by the Prime Minister this afternoon. If that is so, the administrative difficulties are so great that for the saving of $15 million, or even $50 million it is not worth while. My figures may not be wholly correct, but I place that before the government because I see the difficulties of administration and the complications that are likely to arise. I would like to see the measure as successful as it can possibly be because upon it hangs other social security legislation which I hope will be introduced at least by a subsequent government.

The rising scale of payments goes up to the age of sixteen. I believe that we should endeavour, as was suggested by the leader of the opposition—and that is the only thing in which I agree with him—to raise it to the age of eighteen in order to encourage parents to keep their children at school or to have them take some technical training or other education. I believe it will be quite important when this war is over to keep as many of our younger people off the labour market as we can. We have a very heavy task ahead of us to provide jobs for the hundreds of thousands of people now engaged in war industry and in the armed forces of the country, and anything that will tend to reduce the pressure on the labour market, particularly of lower paid labour, which is often youthful labour, should be done. I would like to have seen the government extend this up to the age of eighteen.

These are the principal criticisms I want to make at this time. Some of my colleagues, speaking from different points of view, will deal with other details of the measure, but I do not like the idea of there being too much supervision. I notice that the bill empowers the minister, in section 9 (a) to:

> establish committees or boards and arrange with departments of government and other public and private agencies and organizations to assist him in carrying out the purposes of this act.

I think our people rather dislike the setting up of such committees. While many good people are associated with social welfare committees, there are often people who are overofficious, and it seems to me we should be very careful lest, under a clause of this description, the minister gives too many powers and appoints too many committees of investigation. That in itself will tend to defeat the success of this measure. We are also told in the bill that the allowances shall be applied by the person receiving them exclusively to the maintenance, care, training, education and advancement of the children. To whom is this going to be paid? In most countries where there are family allowances it is paid to the mother because she is the one who buys the food and clothing. She may not provide the shelter but she is the proper person to whom the payment should be made. Under the civil law of one of our provinces the woman is placed in a different position in relation to the husband from that which prevails in some of the other provinces, but I think even if that difficulty arises in that province the act should be sufficiently wide that in the various provinces where we have not the same type of civil law the allowance should be paid to the mother, if, of course, she is a fit and proper person. It is difficult for a wife, if the husband is not just doing the right thing by the children, to make any complaint, and undue interference in the home and in the family life would be in my opinion, resented and would be indeed dangerous in effect. I would, therefore, like to see the mother given the money.

I do not intend to have it inferred in any way that I think these people who receive this money, the humble poor, as has been said this afternoon by the Prime Minister, are not capable of spending these family allowances. I think they are. I think it is an insult to the poor to say continually, "Oh, well, they will spend it in riotous living or in the beer parlour or in the picture show or somewhere else." I remember that argument very well in my young days, when I often heard it said that if hours of labour were reduced and wages increased the working class of Great Britain, where I was born, would spend their time idly or dissipate their wages. We know perfectly well that has not happened. As a matter of fact, the general level of culture and education has increased with the improved standards of living and reduction in hours of labour. The time when the working class, if I may use that term, were at their lowest ebb, most depressed, when perhaps liquor was most misused, at least in the country where I was born, was the time when it provided—

Mr. MACKENZIE (Vancouver Centre): And no social insurance.

Mr. COLDWELL: No social insurance. That was the time when, to a person after a hard day of grinding work, going back to slum conditions, liquor provided some relief.

Mr. MACKENZIE (Vancouver Centre): Before 1906, when the Liberal party came into power.

Mr. COLDWELL: I will give the Liberal party in 1906 all the credit I can give it for social security legislation, but let us not forget that it was very largely because of the activities of the people who subsequently formed the Labour party; and if the Liberal party had been truly progressive, no Labour party would have arisen in Great Britain. Nor should I forget that after all, prior to 1906, if I may be perfectly fair about it, there were British Tories too who thought much of the evil conditions around the mines. Do not forget the Earl of Shaftesbury and some of those people—

Mr. MACKENZIE (Vancouver Centre): Were you one?

Mr. COLDWELL: No. I was not even born when the Earl of Shaftesbury lived, so

that I cannot be counted among those who supported the splendid measures they introduced.

Mr. MARTIN: But surely the hon. member was never a Tory?

Mr. COLDWELL: I could not help where I was born. I did not choose the home into which I was born; but when I grew up my eyes were opened, and may I say to the hon. gentlemen that they were so widely opened that I am not a member of the Liberal party. We may as well be clear about it. These are my main thoughts regarding the measure, but as I sit down I should like to summarize.

Mr. GARDINER: You would be farther away from the Tory party if you were a Liberal than you are as a socialist.

Mr. COLDWELL: Is that the hon. gentleman's opinion? Well, I have just come from the province of Alberta where Liberals and Tories alike are combining with their natural enemies—they were natural enemies a few years ago—the Social Credit party, in order to fight the movement which I have the honour to represent in this house. May I say also to the hon. gentleman that there are no Liberals and no Tories in the province of Alberta and have not been for a long time. They call themselves Independents, whatever that may mean. They were able to get together because there was no fundamental difference between them, at least in Alberta.

I wish to close my remarks by saying that we welcome this measure and we trust that it will not be used either to depress the prices of agricultural products, the floor under commodities, or to depress wages. I should like to see comprehensive social security measures brought into this house placing a floor under wages high enough to provide an adequate living; a floor under farm prices that would give a proper return to the producer, and then measures of this description would be much more worth while than they are likely to be.

Hon. L. S. ST. LAURENT (Minister of Justice): I trust that on reconsideration the country at large will take the view of this measure that this house has taken of your decision, Mr. Speaker. It is an epochal proposal. It is not one which I submit to you, Mr. Speaker, can be met with gibes of its being introduced in the dying hours of a dying parliament and so forth, and that it comes from a dying government. Nor can it be met elsewhere by treating it as a type of diaper dole or baby bonus. It is really an epochal proposal for the betterment of conditions in this country. I do not think it can be disposed of either on the ground that there is no power in this Canadian parliament to enact the legislation the bill provides for. The matter of the constitutional jurisdiction of parliament and the provinces has fortunately for some, fortunately for a great many of my profession, given rise to many references before the courts and many interesting trips to Ottawa and to other places; but there has been some degree of finality reached in the extent to which courts have declared restrictions resulting from the terms of the British North America Act on the powers of the Canadian parliament. The decision which deals with matters of this kind is that which was rendered by the supreme court and confirmed by His Majesty on the advice of his privy council on the Employment and Social Insurance Act in 1936-37. It is quite true that the enactment in question in that case was declared to be beyond the powers of parliament, but the principles which were discussed and which were affirmed both by the supreme court and by the privy council are express recognition of the power in parliament to do the kind of thing that is proposed in this bill.

Hon. members will recollect that there was a division of opinion in the supreme court. The Chief Justice of Canada and the late lamented Mr. Justice Davis held that the legislation was within the powers of parliament and that it was in its true character taxation and disposal of property acquired by His Majesty in the right of the dominion through taxation. The majority in the supreme court held that that was not the true character of the legislation; that in pith and substance the legislation did not have to do with the raising of a fund by means of taxation and the disposal of that fund but that it did have to do with contractual rights between employers and employees. Mr. Justice Rinfret, as he was then, one of the puisne judges of the supreme court who wrote the leading judgment said:

> One of the effects of the act under submission is, in the language of Lord Haldane, in workmen's compensation board v. C.P.R. (1) "to attach statutory terms to contracts of employment," and to impose contractual duties as between employers and employees. In its immediate result, the act creates civil rights as between the former and the latter.

Because it was an act to affect civil rights as between employers and employees in its true effect and purport it was declared to be beyond the rights of parliament and an infringement of the exclusive legislative jurisdiction of the provinces under subsection 13 of section 92 of the act to deal with property and civil rights. But as would naturally be supposed in discussing the question their lord-

ships, both in the supreme court and in the privy council, had to consider what parliament could do and could validly do in legislation having not the same direct purpose but somewhat the same large social objective, and both in the supreme court and in the privy council there was unanimity of opinion that parliament could dispose of the property under its control by way of gifts, and even attach conditions to such gifts, provided that it was not a device for indirectly entering upon a field exclusively reserved to the provinces.

The judgment of the Chief Justice of Canada and of Mr. Justice Davis, of course, went very far in that direction; and the language used by the Chief Justice of Canada, and with that part, that provided it had been legislation of that character, no complaint could have been found by anyone, seems very appropriate. It is found in the reports of the supreme court of 1936 at page 431 and is as follows:

> The exclusive legislative authority of parliament extends *inter alia* to the subject "The public . . . property." It cannot be doubted, we think, that "property" here is used in its broadest sense, and includes every kind of asset. This legislative authority is exercisable "notwithstanding anything in this act."

Because the words "notwithstanding anything in this act" govern the whole enumeration of the federal powers.

> There is always, of course, the qualification, and everything hereinafter said is subject to that qualification, that parliament is incapable of acquiring jurisdiction over matters within the exclusive competence of the provinces by legislating upon those matters under the pretence of exercising a power which does not embrace within its ambit the real subject matter of the legislation. Subject to that qualification, we know of no authority by which His Majesty's courts have jurisdiction to examine, with a view to pronouncing upon its validity, legislation by parliament in relation to the disposition of the assets committed to its control by section 91, British North America Act.
>
> Parliament has authority to make grants out of the public moneys to individual inhabitants of any of the provinces, for example, for relief of distress, for reward of merit, or for any other object which parliament in its wisdom may deem to be a desirable one. The propriety of such grants, the wisdom of such grants, the convenience or inconvenience of the practice of making such grants, are considerations for parliament alone, and have no relevancy in any discussion before any court concerning the competence of parliament to authorize them.

With that Mr. Justice Rinfret, writing the leading judgment, of course concurred. He accepted that principle, but in distinguishing between the statute before him and what he would have considered a proper application of the same, he said:

> Be that as it may under all circumstances, the benefits conferred on the employees by the act are not gifts with conditions attached, which the employers are free to accept or not.

And for that reason, because they were not gifts made under the authority of parliament with conditions attached but were something else, he held that the Employment and Social Insurance Act was invalid, concluding his judgment with these words:

> For these reasons, and also for the reasons given by my brother Kerwin, with whom I entirely concur, I have come to the conclusion that the Employment and Social Insurance Act . . . is wholly ultra vires of the parliament of Canada.

Mr. Justice Kerwin, with whom Mr. Justice Rinfret and the other members of the court conferred, had this to say at page 457:

> As to the latter point, it is evident that the dominion may grant sums of money to individuals or organizations and that the gift may be accompanied by such restrictions and conditions as parliament may see fit to enact. It would then be open to the proposed recipient to decline the gift or to accept it subject to such conditions.

This case was appealed to His Majesty in his privy council and came before a very learned committee composed of Lord Atkin, Lord Thankerton, Lord Macmillan, Lord Wright and Sir Sidney Rowlatt. The conclusion of the judgment rendered by the privy council was:

> It follows that the whole act must be pronounced ultra vires, and in accordance with the view of the majority of the supreme court their lordships will humbly advise His Majesty that this appeal be dismissed.

Speaking expressly of the right to impose taxes and to dispose of the fund so raised, Lord Atkin said:

> That the dominion may impose taxation for the purpose of creating a fund for special purposes and may apply that fund for making contributions in the public interest to individuals, corporations or public authorities could not as a general proposition be denied.

But he went on to say:

> But assuming that the dominion has collected by means of taxation a fund, it by no means follows that any legislation which disposes of it is necessarily within dominion competence.

If the legislation which disposes of the fund is in reality legislation regulating matters which are within provincial control, then the object of the legislation is not to raise a fund and dispose of it but to impinge upon the exclusive legislative jurisdiction of the province. That is the last word we have had from the courts as to the proper construction of this distribution of powers as between the federal parliament and the provincial legislatures.

I am not for the moment discussing all the details of this bill, but in principle it is a bill to allocate to every child maintained by a parent, up to the age of sixteen years, a certain monthly benefit, the only condition attached being that the person to whom the money is paid shall apply it for the maintenance and better upbringing of that child. There is nothing else whatever; no obligation of any kind is imposed. The bill is not drawn in such a way that if it were shown that a person had received the allocation and misapplied it, he would commit an offence. Offences are set out in the act, but that is not one of them. No obligation is imposed upon anyone; no contractual right is interfered with; no family right is affected. This is merely a declaration by the Canadian government, authorized by the Canadian parliament, that the Canadian people wish to contribute so much a month for the upkeep of each child, provided that the money be used for that purpose. That is all there is in the legislation, and nothing can be found in any of the decisions to support the charge so lightly or so vigorously, according to the individual point of view, made this afternoon that this legislation is unconstitutional.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. ST. LAURENT: Mr. Speaker, when the house took recess at six o'clock I was endeavouring to construe certain passages from the decisions of the courts with respect to social legislation and had, I believe, shown that under those decisions there was nothing to prevent the dominion parliament from authorizing gifts, and even attaching conditions to them, unless they were a device to invade provincial jurisdiction, and that this did not invade provincial jurisdiction in respect of property and civil rights. There are, of course, other subsections of section 92. One is subsection 16, which reads:

> Generally all matters of a merely local or private nature in the province.

The granting by federal authority of an allowance in respect of children under sixteen years of age is certainly not something which is within provincial jurisdiction as being a matter of local or private nature within the province. Subsection 7 of section 92 reads:

> The establishment, maintenance, and management of hospitals, asylums, charities, and eleemosynary institutions in and for the province, other than marine hospitals.

Those are institutions within provincial jurisdiction. Is there anythng within this bill which can be classed as the establishment, maintenance and management of hospitals, asylums, charities and eleemosynary institutions in and for the province? I respectfully submit that there is not and that there can be no doubt about that.

It is well known to all lawyers who have had anything to do with the interpretation of the constitutional act that one of the cardinal rules for the interpretation of that act is to attach to the words used in it the meaning which those words had at the time it was enacted. That rule was first asserted in connection with the distinction between direct and indirect taxes. It is well known to all lawyers that for the purpose of determining what was meant by the legislators as direct or indirect taxation one should not refer to the theories of present-day economists; one should take the meaning that was attached to that language in what was then the classical book on political economy, the one by Adam Smith. It is his definition of what was regarded as the distinction between direct and indirect taxation at the time the confederation act was enacted that has prevailed and has been declared to be the governing rule for that distinction in all cases that have come before the courts.

Therefore, for the purpose of construing subsection 7 of section 92 we have to refer to what were known then as hospitals, asylums, charities, and eleemosynary institutions. Will any one contend that in 1867 there was anywhere in the world a provision known as a charity which involved the payment by the state of an allowance for the maintenance of children or for the better maintenance of the children of the nation? It is a new concept that because the state controls the general economy of the nation it may have some moral obligation to relieve particular hardships which the system it maintains may impose upon some individuals. That was something that was not and could not be contemplated at the time the British North America Act was enacted.

I submit that not only is there a constitutional right to do the thing proposed by this legislation, there is some moral obligation to do so on the authority that maintains the system of the national economy. The economic system which this parliament maintains for the Canadian nation depends upon the exercise by it of many controls which are within its jurisdiction. It is this parliament that determines what shall be the monetary policy of the country. It is this parliament that determines what shall be the tariff policy

of the country. It is this parliament that institutes and fosters and maintains a system of economy which to a very large measure depends upon wide participation in foreign trade. Those are the major factors which have to do with the productivity and the distribution of the wealth of the Canadian people. This parliament in doing so constantly endeavours to foster and maintain that which will be in the interests of the majority of the Canadian people.

It so happens that under that system, because of the manner in which it has developed, because of the manner in which it exists, the ordinary labourer cannot receive wages sufficient to provide himself and a family of several children with what is required for their well-being. There has been a suggestion that this will have some effect on the scale of wages. I submit that it cannot have any effect on the scale of wages. Our system, which is one of competition with the world at large, puts some limits upon the scale of wages that can be paid in the production of the things we want to sell on the markets of the world. There are greater burdens and greater responsibilities placed upon the workman who has a family of several children to provide for than upon a single man, or upon a man who has only himself and a wife to provide for, or perhaps even upon a man who has only himself, a wife and one child to provide for.

It is not practicable to have a scale of wages measured by the needs or responsibilities of those who receive the wages. The wage received by those who perform the same amount of labour and who contribute the same amount of production must necessarily be the same. In order to have a wage which would be sufficient for the man with a family of eight or ten children to provide for, that wage would have to be uniform throughout the nation. The figures given this afternoon by the Prime Minister show that a very large majority of the workers have not the family obligations of the persons with large families.

In order to take care of the exceptional cases it would mean that there would have to be a general rise in the wage level for all those for whom the need may not really exist. That would very soon put the employer in a situation where he could not continue to be an employer. It would not be possible to market in the world at large our Canadian products if the wages that had to be paid to every Canadian worker were sufficient to enable a man with a family of eight or nine children to provide for all of them.

If this is an economic necessity which is conducive to the well-being of the nation at large we must recognize the situation of those upon whom it bears so harshly as to put them in a position where they are unable to secure the share of the recurrent wealth that is necessary for their proper maintenance and upbringing. I submit, therefore, that there is a moral obligation, when a measure is devised in the interests of the majority, not to allow it to bear too harshly on individuals without giving some consideration to alleviating the harshness with which it bears upon those individuals. I submit that that constitutes an answer to those whom we have heard say that they do not mind in a general way to have to pay taxes but that they do object to being taxed to help raise the children of their neighbours. That is not the correct view to take of the situation, because their ability to pay taxation is dependent upon the system which creates the necessity for some alleviation to those who are most harshly hit by it.

Leaving aside for the moment the constitutional aspect, may I refer to one or two other suggestions that have been made. One was that the amounts provided by parliament might be turned over to the province for distribution by the province. I submit that that is absolutely contrary to the principle of ministerial resonsibility.

Mr. HANSON (York-Sunbury): We are doing it now.

Mr. ST. LAURENT: We are doing it now, and I do not think it is a good policy to follow. I think every hon. member representing a constituency in this parliament is entitled to ask me when I come before the committee of the whole, asking for an appropriation: What did you do with the amount that was placed at your disposal last year? And I do not think it is a sufficient answer for me to say: I turned it over to Mr. Drew or to Mr. Godbout or to whoever may succeed Mr. Godbout, if he does not succeed himself, and you will have to ask him. That, I submit, is not a proper fulfilling of the obligation of responsibility to the representatives of the people who authorize the taxation and who in turn have the responsibility of seeing how the proceeds of that taxation are expended.

There has also been the suggestion: Why in establishing allowances for childern do you not follow the proposal contained in the Beveridge report, for instance, and ignore the first child, perhaps ignore the first and the second child in giving the allowance? But if hon. members will look at the report from the dominion bureau of statistics on the eighth Canadian census, that of 1941, document No. 5 entitled, "Households, Occupations and Earnings," they will find there that the total number of Canadian families at the date of the census was

2,486,920, of which 782,000 were without children, leaving 1,704,920 families with children, and of those, 1,015,990 were families of one or two children. That is to say, almost sixty per cent of all the families were families of one or two children. The purpose of this bill is to bring about some nearer approach to equality of opportunity for the children of the nation. The children of those families comprised in the 1,015,990 families where the income is sufficient to be subject to taxation do get and have always had a concession in the matter of taxation although there be only one or two in each family. Would it be fair in enacting this legislation to say: Oh, that is a very good rule for those whose income is sufficient to subject them to taxation, but for those whose income is not sufficient to bring them into the taxable class one or two children must be ignored. I suggest that the answer to that is self-evident.

In my own province of Quebec, of 443,000 families with children, 215,050 were families of one or two children. That does not mean that there are 215,050 families in Quebec who are going to be content with one or two children; but this measure will operate from year to year, and every family starts out, unless it is in Callander, Ontario, with one or two children. That fact, and the permanent feature of this legislation constitute an answer, perhaps not a complete answer, to the unfairness of the scale whereby the allowance for more than the fourth child is reduced for the fifth, or sixth or seventh or eighth child, or any number after eight. That would be a very serious objection if this measure were providing for a one-time bonus to be paid once only and not to be repeated. But this measure will deal with the situation as it exists from year to year, even from month to month; every family will, during a certain period, no matter how many there are ultimately in the family, be for a certain period a family of not more than four children, and it will end by being a family of not more than four children under sixteen years of age. The difference between that kind of family and the family of eight or ten children or even more is that the period during which the allowance will be paid will be a very much longer period in the case of the latter. For all those families there will be a certain period during which the full allowances will be paid, at the beginning of the family's growth, and at the end of the family's growth. In the meantime, while there are more than eight or more than four under sixteen years of age, is it or is it not a fact that we must recognize, at least those of us who come from modest homes, that there is not an increase in expenditure mathematically proportionate to the number of children? For instance, a man who has four children does not get a new house because a fifth child comes along, or because a sixth child comes along.

There does come a time when there has to be more room in the house; but in our economy housing is one of the most important elements in the cost of living, and one of the best economic reasons for the enactment of this measure is the fact that it will make it possible for persons to have, even if they are in the same earning class, a total revenue proportionate to the number of persons they have to house. The man with a family of five or six children will have an increase in the total monthly amount he receives and can devote to the upkeep of his family which will be larger than the total amount that the man with no children will get.

I do not believe that it is possible under the prevailing scales of wages in this country for a man in a city like the one I know best, the city of Quebec, to provide himself with a home and pay a rent which will cover the taxes on that home, interest and amortization on its cost, insurance and whatever maintenance there has to be. All that added together would run up to, at the very least, eleven or twelve per cent, and the cost of a fit housing unit in the city of Quebec fit for a family of man and wife and five or six children would not be less than $5,000. Now you cannot have a scale of wages which will enable a man getting the so-called labourer's wage to pay an economic rent on a property of $5,000. Plans have been suggested for federal housing schemes which would provide homes for those unable to pay an economic rent for them. That would involve the choosing of those who are going to occupy them, and under our system I would deplore the setting up of any bureau that could pick and choose and say to you, "You will get this kind of house for $15 or $18," and to you, "You will not get it for less than $22 or $24." If there is to be any general scheme whereby the condition of those in the low income brackets is alleviated, it must be a scheme whereby the rule cannot be disputed or made subject to anybody's favouritism; it must be a rule which anyone can recognize, which is not subject to any variation according to the more or less sympathetic appeal that this or that person may have to the administration or to those in charge of dispensing benefits from the public treasury.

It has been suggested that provision should have been made in the budget for this scheme. I am under the impression that everything which will not have been expended by March 31, 1945, although included in this budget will

lapse, that the sums voted by this parliament and unexpended by that time will lapse. This bill provides that it shall come into force on July 1, 1945, so that there was no occasion for anything to appear in the budget to defray the cost of carrying out the provisions of the measure.

The Prime Minister (Mr. Mackenzie King) gave at the resolution stage the reasons why the date of July 1, 1945, had been selected instead of an earlier date. One of them was the time required to set up a system which will be workable and will provide for a fair and complete distribution of the allowances covered by the bill; the other was that between now and July 1, 1945, there will be a general election and it might not be considered proper to be distributing cheques on the eve of a general election.

Mr. HANSON (York-Sunbury): Well, you are distributing promises now. I do not see much difference in the ethics of the matter.

Mr. ST. LAURENT: This is not a promise. As my colleague suggests, it is sought by this side of the house to make it a permanent law in the statutes of Canada.

Mr. HANSON (York-Sunbury): You are just on the eve of an election.

Mr. ST. LAURENT: There is another reason. At the present time the whole Canadian people are operating under a system of ceilings which requires it to be said to each and everyone of us that during the war period, although it may be tough going, we have to put up with it and there cannot be any relief. That is another reason and, I think, a valid one. We have justification for the hope that this situation will not continue indefinitely, and that by July 1, 1945, it will be possible to alleviate to a certain degree the hardships under which we all have been suffering, and which we have gladly accepted because of the purpose for which we have had to endure them. But when we begin to alleviate, that alleviation should be in the low income brackets; they are the ones which should get the first relief, and I am confident that that relief will prove substantial.

Have hon. members stopped to think what difference it will make in a household with seven or eight children to receive a monthly additional cheque of $40 or $50? Everything must be viewed in its proper proportion. For the man with an income of a thousand or twelve hundred dollars, an addition of four or five hundred dollars, or of five or six hundred dollars is substantial and enables that family to provide itself with many things which would be unavailable otherwise.

The last point to which I wish to refer is the suggestion that this should not be limited by the maximum age of sixteeen. These are matters of detail. What we are considering at the present time is the broad principle of whether or not the Canadian nation through the Canadian parliament should recognize a moral responsibility to come to the aid of those who are in a situation which is not of their own making—a provision which is necessary for the continuance of the Canadian economy as it exists and as this parliament wishes to maintain and foster it. On that principle, Mr. Speaker, I submit we should all be agreed.

Mrs. CORA T. CASSELMAN (Edmonton East): Mr. Speaker, the Prime Minister (Mr. Mackenzie King) gave us this afternoon a comprehensive statement of the principles underlying this bill to provide for family allowances. I am thoroughly in favour of these principles as he has stated them and absolutely in favour of this measure as it has come before the house. I hope that the house will see fit to give it their favourable reception and make it one of the pillars of income security in this country.

Speakers this afternoon stated that there had not been much discussion of this matter. I want to put before you this evening an indication of some of the discussion which there has been during the last number of years. True it was not until the depression that a great deal of thought was given to the matter. Those depression years shocked us by showing how large a proportion of our population was under a good level of subsistence for the individual. That was true not only in Canada but in Great Britain and the United States.

Following that depression, various surveys were made—by Beveridge, by Marsh, by the national planning board. Practically every democratic country has been turning its mind still more to the question of income security of right for individuals, and that is one reason why this measure is coming in now, and not twenty-five years ago.

It must be remembered that our income level of 1926 to 1929 was about the highest we ever had. It was not until later that we saw how much need there was for some such measure as this. But the thought goes back a good many years. The Prime Minister has referred to his book, "Industry and Humanity." I will refer later to a book by Miss Eleanor Rathbone, published years ago. The thought among many people who have been considering this matter is not of recent date; it goes back twenty-five years. But if there is opposi-

tion now, what would the opposition have been twenty-five years ago to the introduction of a measure like this? We have found out that, no matter how industrious and hardworking a man may be, there are occasions when his income does not cover all his expenses. He needs assistance by right. One of those occasions is the time when his family is large and when he receives a wage that is measured by his skill in producing goods and not by the number of his family. It was not Cooperative Commonwealth Federation pressure that brought about that change in thinking. It is thinking that has been going on throughout different countries with regard to social security everywhere, through all parties.

The leader of the C.C.F. party (Mr. Coldwell) mentioned the boys who came to our doors for meals in the days of the depression. He might have mentioned us who prepared those meals and brought the boys into our houses, gave them meals and were glad to do so, even though sometimes we were afraid for our lives of the men we brought in to feed. But we brought them in and fed them, and many of us went into our savings, life insurance built up through the years for our children's education, to give help to them in those depression years. When we think of the men fighting now and remember the boys who came to our doors, we can think of sons who were deprived perhaps of some advantage because people saw the need of helping those boys and gave that help. I believe that we all participated in the help that was given them, and I do not think there is any party or class that is justified in saying that it alone suffered during the depression years. But that has turned our minds to social measures such as this. I differ from those who always find fault with the Canadian standard of living. It has increased in the last number of years, and in this connection I would quote the authority of people who have thought through these matters. I wish to quote a sentence or two from page 166 of Sir William Beveridge's report:

> The real wages of labour, what the wage-earner could buy with his earnings, just before the present war, were in general about one-third higher than in 1900 for an hour less of work each day. What the wage-earner could buy, when earning had been interrupted by sickness, accident or unemployment or had been ended by old age, had increased in even larger proportion, though still inadequately by development of social insurance and allied services.

He goes on to deal with this question of how, when the wage-earner's income has been lessened, help can be given through state measures—help by right and not by charity, although charity has its place and still stands as one of the greatest virtues. He supports everything that he says with facts and figures and I am giving the references. I will not quote at any length because hon. members can find these passages for themselves, but at page 154 he says:

> Social surveys of Britain between the two wars show that in the first thirty years of this century real wages rose by about one-third without reducing want to insignificance, and that the want which remained was almost wholly due to two causes, interruption or loss of earning power, and large families.

That is the point with which we are now dealing. That is the main disability which we are trying to remove to a certain degree through these family allowances. There is no reason why the measure may not be changed later. There is no reason why the level that is given now may not be increased later on if that is found necessary. There is no reason why any province may not add to this if that province finds its standard of living such that it needs to add more to it. One cannot get away from the fact that the same wages cannot be made to cover the needs of a small family and a large one. Industry has never claimed that. Before such measures as these were introduced, back about 1926, if I remember correctly, Australia made a study of what they called the average family and the wages necessary to support that average family of five; but they found that not very many people came within that category, that assistance would be given where it was not needed, that money would not be spent to good advantage, so that that idea was not put into force.

The need is there, of course, and I could talk for hours on what ought to be done for children. I could discuss the obvious fact that children are our most precious possessions both individually and collectively, taking the nation as a whole. If I wanted to speak along that tenor there would be no end to what I could say, but I think the great majority of hon. members, in fact I am sure that all hon. members in this house, quite agree with all that. We are all in favour of doing the best we can for our children. Let us extend that beyond the children of our own families, beyond, if necessary, the children of our own province, to where the need is greatest and to where those children with their undernourishment, with their needs for education and for help, should have assistance by right from the state. It seems to me that it is fundamental to keep the welfare of the family always before us. It is in our tradition that the family welfare lies at the root of our civilization, and this is a measure for the

preservation of that idea. I should like to refer now to a passage from Doctor Marsh's book at page 87:

> Children's allowances are a clear part of a policy of a national minimum of the direct attack on poverty, where it is bound up with the strain imposed by a large family on a small income.

And this is from Beveridge's report at page 120, where he discusses three assumptions:

> No satisfactory scheme of social security can be devised except on the following assumptions: (a) children's allowances for children up to the age of 15 or, if in full-time education, up to the age of 16.

He puts that first. I will not go on with the others because hon. members can find the reference for themselves. Again, I quote from Miss Elizabeth Wallace, executive secretary of the Canadian Association of Social Workers. This was written on July 8 of this year:

> The Canadian Association of Social Workers, a professional organization representing some 800 social workers across Canada, in a recent submission to the dominion advisory committee on social security warmly commended the proposed introduction of family allowances.

You will find a section also in the report made by the women's committee, the subcommittee that sat under Doctor James' committee last year, a committee composed of women who were in business and professional life, comprising married women in their homes, women with and without children. They gave their sanction to a measure of children's allowances. I will not read that reference; later on I shall refer to something they said. This measure does not proclaim a cure-all for all our economic maladies and maladjustments. It is only one more piece in the picture which we are gradually putting together: old age pensions, unemployment insurance, soldier reestablishment, housing, floor under farm prices, floor under fish prices; physical fitness and other health measures we have discussed. There is your picture being built up bit by bit and you cannot do it altogether. It is often a question of which should come first, and the old argument is used about not starting in until you have the whole thing ready. I do not know anyone who progresses in that way in his own individual economy. He does a bit here and a bit there in order to cover his whole way of life.

This measure gives help at exactly the right point to those who are below the present income tax level or just above it. It is supplementary and complementary to wages. It should not raise the price of goods. Time after time the workers have found that, when their wages have gone up, the increase does not cover the goods they wanted to buy because the price of goods has gone up with the increase in the wage-earners' salary. The real wages of labour have not risen as high as the apparent rise. This measure, being divorced from the wage rate, will give the spending power for goods that an increase in the wage rate itself might not give; and I wish to point out right here that minimum wage rates come under provincial administration. They are not under federal administration. We cannot touch that except indirectly. The provinces have that under their control and most of them are dealing with it. I think it will be found in the future that still more attention will be given to the minimum wage rates in the provinces throughout Canada.

We found in the depression years that there were many who needed help, that some who needed help most were too proud, had too much self-respect, were too sensitive to go to the authorities to ask for it. I regret that because among those people were some of our very best citizens, some of the most industrious and hard-working, the very salt of the earth. But they did not go for help because they were not prepared to take what they considered charity. I think their attitude was wrong, but still it was there.

The national resources planning board mentions that in its report, and from that we would draw the conclusion that people should have this as a right. When they are doing all they can to help themselves they should not have to plead for help. I should like to read a portion from the national resources planning board report where it mentions those who needed help and would not come for it. It will be found at page 155. The paragraph preceding the one which I am reading is interesting too, but time is limited:

> These facts can be expressed in another way: In urban communities twenty-one per cent of all persons, and over twenty-five per cent of all children under sixteen years of age were in "non-relief" families (of two or more) that had incomes too low to provide an emergency level of living.

Those non-relief families were families that would not come for help and should have had it.

> This was true even though nineteen per cent of all persons and almost twenty-seven per cent of all children were in families that received some relief in 1935. It should be noted, moreover, that these measures may well overstate the extent to which public aid is available to families whose incomes are insufficient to purchase the emergency budget. For a family was counted as being in receipt of relief if at any time during the year it had received public aid regardless of the duration of the receipt of relief.

I should like the house to note that sometimes these figures have to be explained. A person in receipt of relief even for a short time was put in that category for that year. When you hear talk about the poor conditions remember that sometimes there is an explanation for high figures. The quotation I have just given bears out my contention that there are many who should have had assistance but who did not claim it for fear they might forfeit their own self-respect. Therefore, I like this aspect of the present measure. The allowance is to be given for all children, rich or poor. There is no means test. No school child with the cruelty of the young will have any good reason for sneering at another child whose father is in receipt of this allowance. It is his by right, being the father of a family. He has a status which the state recognizes by the contribution he makes to that state in the raising of his family. That feature deserves widespread commendation because it eliminates the cost of administering any means test. The loss of exemption on income tax will work almost automatically in some cases. I think that is a very good feature of it.

The rates are somewhat more than in Australia and New Zealand. Australia does not give an allowance for the first child and New Zealand has a means test. This is not a full subsistence. That has been pointed out. We have never thought that it should be a full subsistence, rather the contrary. There are privileges of a home, privileges of having children that the individual is quite willing to pay for. He will have extra here, but the basic responsibility will rest on the individual and I think they are privileges that he will be very glad to shoulder. I know the women will.

The allowances are free of income tax. That means that employers do not have to figure out new rates of deduction from wages, and that is good. Will this be an inflationary measure? We are accused of that. We do not want to increase spending during the war period. Both Australia and New Zealand have extended their family allowances. The Irish Free State adopted it only in February of this year, not the measure we have here but a somewhat similar measure. Why should not a low income group family have a chance to lay up some savings for the post-war period, especially when there are children whose future has to be planned? I deplore the suspicion that has been cast on the poor that they will not save it for the proper purpose. Increased income should go into savings now for the duration of the war. Many a mother has said to me, "I would like to buy more victory bonds. My oldest boy is over there, but I cannot afford any more for them now." Mothers know where to put the money that is earmarked for the children. If the war is still in progress and civilian goods are not on the market, many and many a parent will put a good bit of this money into savings accounts against the day when money may be spent without the danger of causing inflation. Perhaps it will build up a fund for education. But when it can be spent the great bulk of it will go into the things that must be bought over and over again in a large family—food, clothing, fuel and things of that kind that disappear rapidly because people need them.

It has been pointed out that it means a market within the country for farmers and for industry, and that means employment. We want to forestall any recurrence of any depression. We want to ward it off before it occurs, and this is a factor toward that. We must never allow the ball to get rolling toward a depression again. I think this is the best means of its kind. Far better than building additional public works, for example, which are non-productive, is to build citizens. To build citizens may even be better than to build rural electrification systems. We need them too, of course. We need them for full employment which is the chief factor; but we are looking for that in other ways, full employment through a floor on farm prices and things that have been brought in and discussed here. But those things of themselves do not solve the problem of the large family.

The bill, as was pointed out by the Minister of Justice (Mr. St. Laurent) is within the competence and jurisdiction of the federal parliament. It is not necessary when making non-contributory grants, to carry on long discussions with representatives of provincial authorities. I beieve that has been the trouble in connection with our comprehensive health bill, which has been before the social security committee for two years. It requires discussions between federal and provincial authorities. Already we have laid the foundation for a far-reaching measure in that connection, which I hope to see carried further along in the near future.

The provinces have, of course, helped in matters of social security within their sphere of administration, and several of them are making a good job of it. Especially has that been so in recent years, since the realization of the importance of these measures has been brought home to the people through the events that have occurred. This family allowance is to go directly from the federal treasury to the individual. It need not wait until all or substantially all of the provinces have

given their assent, as the Minister of Finance (Mr. Ilsley) said had to be the case in connection with increases in old age pensions. The health bill will come, but this measure will be of more immediate assistance, even though it is not to come into force until July 1, 1945. I do not think we have the trained personnel to put it into force sooner. Hon. members should have heard Doctor Davidson speak of the woeful lack of trained personnel for the administration of services at the present time. We have seven schools training social service workers; I should like to see the government give larger grants to those schools. I should not be at all surprised if such action should follow the step we are taking here. We need trained personnel to administer these services. We need the men back from the front also, to help carry a measure of this kind. We may have them here by July 1, 1945; I pray to God we do.

Some people say that we should provide these services rather than the cash allowances, but many of them have to do with matters entirely within provincial jurisdiction. Health and education, for instance, and even low cost housing may be dealt with by the provincial or municipal authorities. Some of the provinces are looking after the matter of housing at the present time, and the federal government is ready to extend the operations of the National Housing Act. Hon. members may read the speech of the Minister of Finance on May 11 for details in this connection. We need greatly increased educational facilities. Last year Ontario provided a large number of scholarships, which was all to the good. They will help to provide for children over sixteen who show ability and the desire to go ahead with their education. Alberta also has done excellent work in extending and equipping her schools. That is the present trend. It has not been forced upon us by opposition parties; the need has been brought to our attention by the events of the last few years and by thinking people who have been looking forward, as has our Prime Minister. Voluntary associations are increasing in efficiency, but they need more and more money. Perhaps they will get a little of this money to help carry on their excellent work. They give a real service to the community, and fill a very great need.

Some people say that cash benefits will not meet the needs. They will, to some extent at least, even if we do not have the services organized for people to buy with that money. Take the dietary surveys made by the Canadian council on nutrition. Doctor Pett, who heads the nutrition branch of the Department of Pensions and National Health, in association with Doctor George Hunter made one of these surveys in my own city of Edmonton back in the fall of 1939, and his conclusions will be found at page 34 of "Canadian Studies in Nutrition". They made similar studies in Toronto, Halifax and Quebec, and found that Toronto children needed better nutrition, just as much as the children of Quebec needed it. Here is a summary of his conclusions following the Edmonton survey:

> An analysis of our data by Professor Andrew Stewart, of the department of economics, shows the effect of income in the following way. Two groups were chosen: firstly, a group with incomes per person up to $250 a year, and secondly, a group with incomes of $251-$500 a year. These we shall refer to as the "low" and "high" income groups.
>
> Calories: The low income group showed 60 per cent deficient; the high income group 48 per cent deficient.
>
> Protein: The low income group showed 64 per cent deficient; the high income group 48 per cent deficient.
>
> Fat: The low income group showed 57 per cent deficient; the high income group 30 per cent deficient.
>
> Calcium: The low income group showed 70 per cent deficient; the high income group 50 per cent deficient.
>
> Iron: The low income group showed 71 per cent deficient; the high income group 60 per cent deficient.

It has been shown that an increase in income will mean an increase in nutrition and in all those things the children need. In this report it is also stated that forty per cent of the people studied were adequately fed; forty per cent got about three-quarter of what they needed, while nearly twenty per cent got little more than half what they needed. Food is not fairly distributed in the family. The worst fed member is the mother; the best fed is the father, the wage-earner. Of the children, except for vitamin C, the worst fed is the teen age youngster who, few people realize, needs more food than the average adult. The report goes on.

> Our results indicate that diet tends to improve automatically with increase of income.

And it is increase of income that we are talking about here. They also state that the three chief reasons for deficiency are, first, lack of money; second, lack of knowledge of what to buy, third, indifference as to whether or not the diet is sufficient. Running all through the findings of our social security committee was the thread of the disaster, the malnutrition or whatever you like to call it, caused by lack of income. More than once Doctor Heagerty mentioned that fact. He spoke of blindness, for instance, in New Brunswick and Quebec, saying that for a long time blindness was not connected with malnutrition but

that surveys indicated that it had a direct ratio to the low income group, a direct ratio to poverty. We were told also that the rate of infant mortality is higher in the low income groups than in the higher income groups. So that it comes back to the lack of money, which we are now trying to remedy.

We should extend these services, of course, but I believe that providing this money will give more immediate relief along this line. I would call this direct evidence that income does make a difference in health and nutrition standards. There should be a tremendous improvement even during the time that would be required to organize the services upon which some people are putting so much emphasis. If we intend to raise the standard of living throughout the country, as we say we do, by the introduction of this measure, we must begin with something that will bring immediate results. I contend that in these quotations from recognized authorities in their fields I have brought proof that the family income does make a difference in connection with general deficiency. It means not only physical improvement, for mental improvement follows physical betterment. I taught school, and I know, as many hon. members know, how difficult it is to teach children who are undernourished. There is also a great difference in morals. An improvement in the physical well-being of children brings an improvement mentally and morally as well, as every mother knows.

In the first formative years of a child's life foundations are laid for a great many things. The size of the child, his health, his instinctive reactions, his enterprise, his ambitions—all have their beginning during the first few years of his life, and those are years that cannot be repeated.

It is in the pre-school life of a child that he frequently needs help of this kind. Free school lunches would not touch the pre-school child; he would not come under those benefits. I think these other services will follow because the public conscience has been awakened. The provincial and municipal authorities have their responsibilities as long as they are taking the taxpayers' money, but they are progressing to meet their responsibilities. They will be ready to organize services more rapidly when the federal government has instituted a measure such as this. Income tax exemptions do not reach down far enough; they do not get to those who would benefit the most because they are below the tax level. If the consolidated revenue fund is to be used to provide these moneys, into that fund will go the tax on luxuries—as it should.

[Mrs. Casselman.]

Opponents of this measure say that the money will not be spent wisely. I believe that a great proportion of it will go for things that are necessary and will be used for child development. This committee of women, under the chairmanship of Mrs. McWilliams, which was a subcommittee of Doctor James' committee on reconstruction, drew up a report, part of which I should like to read. Before I leave Doctor Pett, he had this to say about health:

> Let me be quite clear on one point. Canada is actually healthier now than twenty-five years ago.

Then I should like to quote from page 30 of the report of the committee under the chairmanship of Mrs. McWilliams, as follows:

> (a) The subcommittee strongly supports introduction of a system of children's allowances and hopes that the establishment of this system will follow health insurance as soon as possible. It is the only system yet devised which will remove the poverty arising from the fact that a man's wage must be based on the product of a man's labour and not on the size of his family. The subcommittee believes that these allowances should apply to all families with children.

With regard to what is more closely to the point I was speaking about, that supervision is necessary over the spending of the money, this report states:

> (d) It is suggested that the administration of these allowances will have to include some supervision in cases where it may be necessary because of the incompetence or unwillingness of the mother to use the allowances for the purposes for which they are given. Experience has already shown in relation to cash relief and to dependents' allowances that these cases will be few. This supervision could remain in the provincial departments of welfare where these departments are in widespread operation. The cooperation of the schoolteacher and public health, school or rural nurse should be sought in checking up on this matter.

I think we shall have the cooperation of the provinces. I have no doubt we shall have the cooperation of all these different agencies in the dominion. They will be ready to cooperate in seeing that the people know a little more about spending money. But I believe that the real reason for its being spent wisely will be the love of the parents for their children. Doctor Pett has mentioned that the poorest fed person in the family is the mother. He had splendid cooperation from those people whom he saw in Edmonton. It did not depend upon their income whether they cooperated; they were glad to tell him details in order that he might make this survey.

Some say that the misuse will be limited to about one per cent of those who receive the allowances. That figure is based on surveys made in connection with other allowances that have been paid. We asked Doctor James

about it when he was before the social security committee. It has been suggested that this bill should be sent to that committee, and this matter has come up to a very limited extent in our surveys. He said:

If these matters are administered through a local organization composed of local citizens who are familiar with the habits, the aptitudes and the abilities of the people with whom they are dealing, the possibility of diverting funds from the purpose for which they are provided would decrease very sharply from an initially low level.

He also made this remark:

I am perfectly willing to admit that the two are interchangeable to a very large extent—

That is, services and cash income.

—as I suggested a little while ago, but I am not sure that you can entirely replace the cash allowances by such things as low-cost housing, rural electrification, free meals at school and free hostels in thinly populated areas. By means of such provisions as these you can reduce the cash bonus to a very low level; but I am not convinced at the moment that you can completely eliminate it in the case of large families. That would be my tentative judgment, but I am open to conviction when a detailed scheme has been worked out for the provision of such material assistance.

The August, 1943, *Monthly Labour Review* issued by the department of labor of the United States contains this statement:

In March, 1942, after years of opposition to family allowances, the British trade union congress, through its general council, reversed its attitude and agreed with the labour party on the need for a national scheme of child endowment, which should be a charge on the state.

In 1925 the independent labour party in Great Britain adopted a children's allowance plan. The trades unions opposed it, but in 1942 they reversed their stand and I think that is their position to-day. I should also like to quote Doctor Davidson, executive director of the Canadian welfare council. Speaking about family allowances, he says:

This then is the keystone of our arch, the foundation stone of the edifice of social security which we must start to build to-day for the Canada of to-morrow—full employment, including the development of socially useful programmes such as housing and other projects, supported by an adequate wage structure guaranteed by law, and a system of family allowances to supplement the worker's wages by an amount necessary to fill the gap between his earning power and his family responsibilities.

I should like also to refer to Eleanor F. Rathbone's book, "The Case for Family Allowances". She has served a long apprenticeship in public affairs as a social investigator, as a case worker, as a school manager, as a worker for women's suffrage and other feminist reforms, before becoming a member of the House of Commons in the United Kingdom. Many of the reforms she sponsored eventually became law during the reconstruction period which followed the great war. Back in 1924 she wrote her first book on family allowances which was entitled, "The Disinherited Family", and this was followed in 1940 by "The Case for Family Allowances". I quote from page 63 as follows:

The best schemes—best on its merits and most fitted to meet the special needs of war time—would be a wholly state paid, national scheme covering the entire child population up to at least the age of fifteen at a rate of at least five shillings per child. It is significant that so great an economist with so wide a vision as Mr. Maynard Keynes thinks such a scheme desirable and practicable. Nor does it necessarily follow from his argument that it should be combined with his own scheme of deferred earnings, provided that it is accompanied by other methods of effectively limiting all but really necessary consumption during war time.

She makes an interesting review of the case for family allowances. I could go on to quote many other authorities and experts who have had this matter under consideration to show that it has met with approval in a great many circles. I grant that it has also met with disapproval in some circles, but those who have given it approval have had just as wide experience and knowledge as those on the contrary side.

My chief concern about family allowances is its effect upon our Canadian homes, on the opportunity to preserve and strengthen our family life, on the building of our citizens throughout Canada. There is something beyond that. I do not think we can afford not to pay these allowances because the costs of not paying them are not money costs; they are costs in ill health, costs in the upkeep of hospitals and asylums, costs in juvenile delinquency and costs in many other forms.

Perhaps our hope of peace in the post-war world lies in the crusade against disease, poverty, undernourishment, want and ignorance. This is one column advancing toward our goal of better human relationships within our country, yes and beyond our country; it is a part of the freedom from want and freedom from fear.

Hon. H. A. BRUCE (Parkdale): Mr. Speaker, I should like first to refer to the remarks made by the Minister of Justice (Mr. St. Laurent) when he spoke this evening on the cost of housing in the province of Quebec. I would remind the house that I spoke on the subject of housing on the 26th of June last when I described what was taking place in the United States. I do not deny that the cost of housing is beyond the reach of those in the low income group; and it was because of that fact that I suggested a plan of giving

them relief, the plan which is in operation in the United States, and also in Great Britain. Under the United States housing act, the local housing authority is lent ninety per cent of the cost of building houses at a low rate of interest. I do not intend to repeat what I said then except to refer to the fact that in the city of Montreal some few months ago a project of low-cost housing was undertaken by Mr. George Spinney, and the government at that time agreed to lend the housing authority a sum of money up to ninety per cent of the cost at a rate of three per cent interest which I think too high. The rate in the United States is two per cent, and I suggest that might very well be the rate established by this government for work done by housing authorities in any part of Canada. I am quite sure that if that were done it would greatly relieve slum conditions, which are a menace to any city or any rural district. I shall not refer further to this because it will be found at page 4146 of *Hansard*.

The Prime Minister (Mr. Mackenzie King) spoke to-day on the question of slums. I did not quite follow his reasoning when he said that this measure would help to relieve slums. If a man received an addition of $40 a month, or $480 a year, it would not provide him with enough money to pay an economic rent. It is recognized everywhere that not more than twenty per cent or one-fifth of a man's income can be devoted to the payment of rent. This amount mentioned by the Minister of Justice (Mr. St. Laurent) would provide only $8 a month. It is impossible to get a house of modern type under $20 a month, and the difference would have to be made up in the form of a subsidy. This subsidy would be greatly assisted if the government would lend the housing authorities money at a low rate of interest, to be amortized over a period of, say thirty years.

The Prime Minister gave statistics this afternoon of the percentage of recruits turned down from a lack of nutrition. I should like to give the statistics that were published a little while ago by Great Britain, comparing the numbers in category A in the last war with the numbers in the same category in this war. In the first world war Britain found that only thirty-six per cent of the men drafted for military service were up to the full normal standard of health. Immediately after the first world war Great Britain started a large programme of housing. The full effect of that was felt when recruiting for the second world war began. In the present war eighty-three per cent of the men called up by Great Britain were classified as possessing the full normal standard of health. In commenting on this improvement the London *Times* said on July 20, 1939:

> The minister of health was fully justified in declaring that the results of these medical examinations of the militia men are a striking tribute to the housing and other public health services.

Great Britain did not then have nor has it now family allowances.

As I said before, the moral and physical effects due to vile living conditions pass none of us by. We all pay far more for slums and bad housing than we would ever be called upon to pay for the erection of clean decent houses for every member of our community.

The Prime Minister spoke to-day about our taking better care of animals, and of the research that was being undertaken in connection with the health of animals. I do not think that is quite a parallel case with man, because when an animal is suffering from tuberculosis or Bang's disease we kill the animal, whereas we put men or women or children suffering from tuberculosis in a hospital and try to cure them.

May I remind the Prime Minister that when he quoted from Saint Paul's teaching that we should bear one another's burdens, he failed to quote another passage in the same chapter to the Galatians when Saint Paul said that every man should bear his own burden. That is to say, let us give a man the opportunity to work and he will be happier bearing his own burden. In his all-embracing attitude of international sympathy and assistance in a contracting world it would be just as logical for the Prime Minister to make this bill extend its benefits to the large families of India and China's underpaid workers.

The Prime Minister implied that this money would perhaps stop another depression. I would ask him, what about the dole?

Mr. MACKENZIE KING: This is not a dole.

Mr. BRUCE: A great deal of money was handed out during the last depression, but it did not stop it.

Mr. MacNICOL: The dole cost this country over $900,000,000 altogether.

Mr. BRUCE: My hon. friend says that it cost this country over $900,000,000.

The Prime Minister also spoke of children being a liability.

Mr. MACKENZIE KING: I spoke of their being an asset as well.

Mr. BRUCE: I am afraid that he does not know much about farmers because many of them could not get a living without children to help them. The other day I visited an

adjoining farm where I saw a child of seven years of age driving a tractor; another child of ten assisted his father to bale hay on one of these modern machines.

I take second place to nobody in my efforts over the years to assist the underprivileged. During a period of twenty-five years, while acting as surgeon in a large hospital, at least fifty per cent of my work was devoted to operations on the poor without any recompense, and I was very happy indeed to be able to render that service. I am not unique in this particular; every medical man and every surgeon in all parts of the country are doing the same thing.

Mr. DUPUIS: We would like you to continue your "operations" in favour of social security.

Mr. BRUCE: I may refer for a moment to the social security committee of which I was a member and the work we have done during the last two years on the subject of national health insurance, which has a direct bearing on the bill we are now considering. Since February, 1942, when an advisory committee on health insurance was created under the chairmanship of Doctor J. J. Heagerty, an intensive study of public health and medical care has been made by them. In carrying out these studies the committee obtained the views of sixteen national groups who appointed their own committees to study the subject of health insurance. These consisted of the Canadian Medical Association, the Canadian Dental Association, the Canadian Nursing Association, and hospital and other affiliated associations. The majority favoured a provincial plan of health insurance aided by dominion grants. The question of the health of the people of Canada was also made the subject of the meeting of the Dominion Council of Health in 1941. From all this work a draft bill was presented to the committee on social security at the beginning of the 1943 session, and since then we have heard 117 witnesses, representing all phases of public opinion on the subject. We have just concluded consideration of this draft bill, but were not able to deal with the financial clauses, since these must be the subject of agreement between the dominion and the provinces. This means that it must await a dominion-provincial conference, the date of which has not yet been set, so that this important piece of legislation will have to be left over until next year.

I have given the house a brief account of the work which has been put into the proposed bill of national health insurance. In contrast with this I would ask hon. members to compare the method adopted in regard to another social security measure of equal importance, the proposed family allowances bill. This bill, of a much more controversial nature, is brought down, as my leader said to-day, in the last days of the last session of a dying parliament, without any consideration at all, although it is not to become effective until July, 1945.

Mr. MACKENZIE KING: May I ask my hon. friend on what authority he says that this is the last session of this parliament?

Mr. BRUCE: I assume it is to be the last session.

Mr. MACKENZIE KING: That is quite different.

Mr. BRUCE: If I am wrong in my assumption, perhaps the Prime Minister will correct me.

Mr. MACKENZIE KING: I have made it very plain that the life of this parliament does not expire until the 17th of April next. It is quite possible that there will be another session after this. I am not saying that there will be; I am not saying there will not be; but when my hon. friend says that this is the last session, then I ask him on what authority he makes the statement.

Mr. BRUCE: The Prime Minister has not denied that it may be the last session.

I would ask, Mr. Speaker, why this great haste. If so urgently needed, why was it not made immediately effective?

Mr. McLARTY: The hon. member knows that, as in the case of unemployment insurance, the setting up of the administration machinery must be given very careful and studied consideration.

Mr. BRUCE: I would ask, Mr. Speaker, whether it would be improper to suggest that it may have some connection with an election in an adjoining province, when it is hoped that this bill will assist the return of a Liberal government. That province because of its large families will derive the greatest benefit from this measure, at the expense of the other provinces, particularly Ontario, which pays one-half of the taxes of Canada.

I would not like the house to think for a moment that I am against providing for the care of children in families where the wage-earner himself is unable to provide adequately for them. I am entirely in favour of giving help to those low income group families through social services to ensure that the

children will benefit by better nutrition, better educational facilities, better playground facilities, medical care, and better housing—

Mr. MARTIN: Will the hon. gentleman permit a question?

Mr. BRUCE: —which are of the greatest importance in preventing juvenile delinquency as well as in promoting health.

Mr. MARTIN: I take it that he will not.

Mr. BRUCE: But can any one guarantee that the five to eight dollars allowed for each child will provide anything like the advantages in health and well-being which the services to which I have just referred will do?

Mr. MARTIN: How long would it take to get these services?

Mr. HOMUTH: You have had years to try and do it. Why did you not do it?

Mr. SPEAKER: Order.

Mr. BRUCE: I think it is time that some of these services were augmented. I believe some are in existence and would be helped very much by a subsidy.

We all agree that additional assistance is needed for the wage-earner in the low wage group with a large family. Cash grants would seem to be the easiest and perhaps the simplest way—

Mr. CLEAVER: And the most effective.

Mr. BRUCE: —but in a certain number of cases there is fear that the money will not reach the children.

Although I have suggested the alternative of greatly improved social services, no doubt in certain cases these will have to be supplemented by a cash grant, but I am opposed to giving out these grants indiscriminately. I would make exception in the case of those members of our armed forces who have offered their lives overseas in defence of our country. The least we can do for them is to make these bonuses immediately available for their dependents.

The most socially-developed countries of Europe, namely Sweden, Norway, Denmark and the Netherlands, have not accepted the principle of family allowances.

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

Mr. BRUCE: After I am through. I would prefer to finish my remarks now.

Mr. CLEAVER: The hon. member overlooks the fact that the Scandinavian countries—

[Mr. Bruce.]

Mr. HOMUTH: Are you a Scandinavian?

Mr. CLEAVER: —are overpopulated.

Mr. SPEAKER: Order.

Mr. BRUCE: The hon. member who has just interrupted will have his opportunity to speak when I have finished. Neither have these countries to which I have referred been involved in the war, and therefore they will not have the large war debts that we shall experience in this country.

Mr. CLEAVER: But they are overpopulated.

Mr. BRUCE: The British government is not entirely in favour of this proposition but would rather meet the problem through welfare services.

Mr. SPEAKER: Order. I must insist that hon. gentlemen on both sides refrain from interrupting the hon. member and allow him to finish his speech.

Mr. BRUCE: However, owing to the great suffering imposed on them by bombing and the impossibility of developing social services as they would like and expect to do later on, there is great urgency and the government may accept the scheme as a temporary measure, but with several strong reservations. We are by no means in the same position as England which, if it bring it in, will do so because of immediate need. It is not a question of need in this country now when people have more money than ever before, whatever may be the case in the post-war period.

The countries to which I have referred, after thorough investigation, rejected the cash bonus principle. They practise instead aid on the basis of need. This government's plan is basically wrong because it disregards need. The cash subsidy is given automatically without regard to family conditions and with no guarantee that the children will benefit. The moral, physical, cultural and general welfare of the children is left absolutely to chance. Some labour unions have expressed themselves as opposed to family allowances because this may be made an excuse for keeping wages down to the minimum. On the other hand, it is stated that no industry can afford to pay wages which will enable the average working man to raise a large family. But I would ask, why should the average working man be expected to raise a large family? I know this is encouraged, and, indeed, may be necessary where man-power has been seriously depleted because of war or epidemic or where we are engaged in building up an army for national defence. I am afraid

that if these cash payments are to be made on this basis they will not fulfil their objective, for the money will not go to the provinces which did most of the fighting and suffered most of the casualties.

Mr. CLEAVER: I rise to a point of order.

Mr. BRUCE: If we are to encourage large families, I think—

Mr. SPEAKER: Order. There is a point of order before the Chair.

Mr. CLEAVER: I would like to ask Your Honour whether there is a rule in this house against the reading of essays.

Mr. HOMUTH: All right. From now on you will get it.

Mr. ROSS (Souris): It all depends upon who is doing the reading.

Mr. HOMUTH: You want to be smart. Well, you will get it from now on about reading speeches.

Mr. SPEAKER: Order. Hon. gentlemen must not interrupt.

Mr. BRUCE: I do not think I am trespassing upon the rules any more than any other member. I am trying to follow consecutively along a certain line of thought and must therefore follow my notes.

Mr. HOMUTH: They have asked for it and they will get it.

Mr. BRUCE: If we are to encourage large families, then I think care should be taken that they are eugenically of the kind that will be most likely to improve our race. This bill will result in many cases in bonusing families who have been unwilling to defend their country. May I venture to suggest that our object should be quality rather than quantity. It is surely time for parents to give some consideration to the question of how many children they can afford to bring up. It is not fair to bring children into the world just to satisfy an uncontrollable impulse without thought of whether sufficient food and other necessities will be available for them. Surely there must be some alternative to baby bonuses which will preserve the sanctity of the family, maintain a normal birthrate, and place the major economic burden of raising children where it belongs, upon the parents. Why should a hard working man who has planned a normal sized family have to curtail his wishes because he is heavily taxed in order to help to support a large family of shiftless people, and perhaps in some cases the lazy man who counts on the state keeping him and whatever he likes to bring into the world? Hitler used this method as part of his campaign to raise the birthrate when the nazis set out to equalize the economic burden of raising big families through the family equalization fund. The nazis paid such big subsidies for children that it was actually possible in Germany for a man to earn more by begetting babies than he did by working for a living. I am not opposed to aid for children, but I am opposed to this particular form of aid, family allowances, because it gives no guarantee that the children will benefit, because it will be costly and cumbersome in operation, full of inequalities, and finally because it is the essence of the dole. Another major objection to cash family allowances is that they place upwards of two million families, more than two-thirds of the families in this country, on the public payroll. Every month they will look to their fairy godmother, Ottawa, for a hand-out.

Another reason why I oppose this bill is that it is unconstitutional and an invasion of provincial rights, as my leader pointed out this afternoon. It should not have been introduced before having a dominion-provincial conference and getting their consent to an amendment to the British North America Act, which amendment would then have to be adopted by the British parliament. Is it not amusing to observe a Liberal government, which laughed at Aberhart's $25 a month to all families, suddenly bringing down a baby bonus proposition which will cost the country $200 million or more? This bonus will be given to children up to fifteen years of age, whereas even in Russia it is proposed to bonus children only up to five years of age. It should be remembered that the government will get the money for their largesse out of the people by taxes. This means that everyone who pays taxes will have less money to educate and bring up his own family. I believe that it is a fact that sixty-three per cent of the families with ten or more children live in the province of Quebec. Contrast this with British Columbia where families are small and where forty per cent have no children living at home. When eight provinces realize that they are being taxed for the benefit of one province, will it not accentuate the disunity which has shaken Canada from coast to coast, because the government chose to listen to the powerful voice of this same province which refused to share equally with others in fighting the common enemy? Will these eight provinces not be justified in concluding that this is a subsidy for votes as well as for babies, and that this

undigested bill has been rushed in before a provincial election and a pending federal election with the object of influencing votes in the government's favour?

Mr. J. A. BLANCHETTE (Compton): It is with a deep sense of appreciation that I rise on this occasion to support this measure of family allowances. I already had indicated its importance to this house by having inserted on the order paper on January 27, 1942, the following resolution:

Resolved that, in the opinion of this house, the government should consider the advisability of granting family allowances, taking into consideration the respective jurisdiction of both federal and provincial parliaments, and that the matter should be referred to the committee on industrial and international relations, with instructions to inquire and make a report.

This measure was announced in the speech from the throne in January last, and I must compliment the government upon bringing in this bill which I consider of the greatest importance for the social welfare of our people. No other single social measure could be introduced in this or any other parliament or legislative assembly which offers at one and the same time so many ramifications into and corrections of our economic ills, and establishes at the same time a beacon of light in the way of social progress to humanity.

When Sir William Beveridge honoured this august body with his conference in this very building on May 25, 1943, as will be seen in report No. 13 of the special committee on social security I asked him the following questions:

Mr. Blanchette: Would our distinguished guest care to give any comment as to his appreciation of children's allowances in any plan of social security?

Sir William Beveridge: I am very glad you asked that question because children's allowances are the most revolutionary thing in my report, and they have been accepted in Britain. I propose children's allowances for two main reasons. The first is that without children's allowances you cannot abolish want. Poverty in Britain before the war was due to two causes. It was due either to the interruption of earnings or a man having too large a family for his wages We do not believe that Britain can get on unless there are a substantial number of large families. Unless we can get an average of nearly three children born to a family the British race will diminish and finally die out. Therefore there must be large families and we want some large families. In order to abolish want you have got to have children's allowances. The secondary reason is that if you give allowances for children only when people are unemployed or sick you will sometimes have cases where people have as much money when they are sick or unemployed as they can earn or even more. That is a bad situation. There are quite a number of other reasons for children's allowances, such as its effect upon the population and the quality of the population which I will not go into now. Until recently there was considerable opposition to children's allowances on the part of some trade unions, but at the last trade union congress in September last they accepted children's allowances. It has been accepted by the government as to its principle. I think you may take it that it will be adopted. I should be very much interested to see whether or not you adopt it in this country. I hope you will because I believe it is a good thing.

That, Mr. Speaker, is the opinion of Sir William Beveridge on the matter after his extensive and exhaustive research and study. It is my firm opinion that Great Britain will be accepting family allowances very shortly if it has not done so already, in view of Sir William Beveridge's conviction in the matter and the progress of thought which he has brought in that direction.

Our own Prime Minister (Mr. Mackenzie King) in his book "Industry and Humanity", which he published in 1918, gave an impetus toward the betterment of mankind by his enunciation in his treatise, by his contribution of a sound and comprehensive basis for constructive and combined effort which may prove of a very special value to an understanding and effective solution of the social problems of our day. Mr. King believes, as enunciated in his book "that considerations of health, broadly interpreted as denoting physical, mental and moral well-being lie at the basis of all efficiency and at the very foundation of society. In recognition of the health of workers and their social well-being the emphasis will shift from the sacredness of possession to the sacredness of life, from the value of property and its rights to the value of personality and its rights, from material resources to human resources". The elimination of fear, social and industrial, will be found to be at the root of all regulation toward the betterment of mankind. "There is a legitimate fear", says Mr. King, whereas with respect to work done compensation is wholly inadequate and insufficient to sustain life; there is a legitimate fear where despite willingness to work, work is not to be had; there is a legitimate fear where through sickness and invalidity the capacity to earn is gone and the savings of months and years drawn and exhausted; there is a legitimate fear where age is confronted with the alternative of poverty or dependence; there is a legitimate fear where the woman is suddenly left without support for her children. Each and everyone of these fears, Mr. Speaker, is susceptible to be the lot of many of our family heads when forty-six per cent of these received a salary under one thousand dollars in Canada in 1941, and again when in the United States forty-seven per cent of the spending units

received less than one thousand dollars in 1935 and 1936. True it is that legislation has been passed to meet, in a certain measure, practically all the fears above enumerated, save the latter, the fear of the heads of large families that they may be unable to bring up their families in keeping with the value of the human personality. In my opinion this measure providing family allowances will make life much more bearable for those who have not, without in any way endangering the way of life of those who have. However, the latter will have the added satisfaction of knowing they are helping their fellow men and humanity in general, and that feeling will be with them forever. That is the only wealth we can keep. In a brief on the Marsh report the Canadian association of social workers take the following stand in regard to family allowances:

> The association approves the principle of family allowances and welcomes their inclusion in the Marsh report. Such grants have been general in Europe, and an essential part of the social security scheme of Australia and New Zealand. In Canada, a considerable proportion of our population is now supported by dependents' allowances. We therefore approve the universal application of this principle by extending these allowances to the whole population. The payments made by dependents' allowance represent our most comprehensive Canadian experience to date; it has been tested and proved in practice. The Canadian association of social workers therefore suggests that a scale of grants be adopted not less adequate than that of the dependents' allowance.

Our own parliament made a study of family allowances, through the standing committee on industrial and international relations, in February, 1929, so that it will be seen that this question, which has been discussed by sociologists and economists for the past fifty or sixty years, is now being given the prominence and importance it merits. What greater merit, what greater importance could any proposed measure have than that of the welfare of mankind ? The question of family allocations made considerable headway after the last war; in the six years from 1918 to 1924 there was definite progression of thought in regard to the principle of this legislation, which was adopted by France in 1918 and by Belgium in 1921. Definite progress was made in some fifteen other European countries, as well as in New South Wales and New Zealand. The *International Labour Review* for April, 1940, has this to say in regard to the scope of family allowances:

> In Belgium and France practically the whole population now receives family allowances. In New Zealand and New South Wales the schemes also apply to all categories of citizens and activities, with the important reservation that allowances are paid only to families with a limited income. In Italy and Spain the basic regulations provide for the extension of the allowances to all the main branches of economic activity, but only for workers, and in Chile only for salaried employees. In Hungary the payment of allowances is restricted to workers in industry and commerce.

The principle of family allocations is not established on the basis of charity, but rather on the high plane of social justice, for upon the maintenance of the family depends the very maintenance of the state. The family allowance is based on the principle of the natural and inalienable right of each and everyone of us not only to obtain the means of his existence but to a wage which will permit him and the members of his family to live rather than merely exist. As it has been established in the providential order that man must not live alone, that he is destined to establish and bring up a family, so, therefore, must it be admitted that a well organized economic regime must be such that all men of normal capacity may be able to supply their needs and those of their families.

I will not undertake a philosophic discussion of the right of ownership which Christian philosophers, economists and sociologists recognize as established in the very nature of man, taking precedence over the nature of the state. I will say, however, that from this right of ownership emanate many restrictions, among them the right of a lawfully constituted authority to direct and orient the right of property toward the common good and welfare of its subjects. Upon this right is predicated the power of the state to legislate upon contracts, wills and transfers of property; to levy taxes upon property for the administration of the state, and so on. The state has a mission to look after the general welfare of its subjects, and it also has the power and right to modify its economic regime if that regime is opposed to the principles of social and distributive justice, in order that it may further, as much as possible, the general welfare of its members. I need not pursue minutely or in detail the rapid transformation of our economic system which has resulted in ever-increasing production, creating at times, in some parts of the world, the erroneous belief or conviction that a human person was a mere economic chattel, to be treated accordingly.

It may be well for us to stop here for a moment to consider what has been the fate of the Canadian family of ordinary means, which is by far the most numerous in our economic set-up. Upon that consideration we may predicate a conclusion as to whether this proposed measure of family allowances is a tangible expression of the Atlantic charter or of the new order, aimed at the advancement and

betterment of humanity in general. Economists agree that the family of five is a normal family; that is, the father, mother and three children. This family of five is considered necessary to at least maintain the population of a country. I believe also this is the numerical basis upon which statistics in regard to family budgets are established for the various countries of the world. The Marsh report establishes that the minimum amount which this family of five must have for its budget should be not less than $1,471.60, apportioned as follows:

Food, $34.66 per month.
Lodging, $25 per month.
Recreation, periodicals, and so forth, $1.39 per month.
Life insurance, medical care and other exigencies, $3.57 per week.
Tramways, 75 cents per week.
General furniture upkeep, 50 cents per week.

A serious examination of these items will show that there is no exaggeration in the figures given, unless it be that they are not high enough. This minimum budget of $1,471 as established by Marsh is corroborated by the welfare council of Toronto as being practically the results of its investigations. In 1941, as has been stated already, forty-six per cent of the heads of families in Canada received a salary of less than $1,000 a year. There are in Canada 225,640 families of two children; 135,240 families with three children, and 223,940 families with four children or more.

May it not therefore be logically deduced from this statement that forty-six per cent of the heads of families in Canada having an annual salary of under $1,000 have to put up with unsanitary home conditions, malnutrition and are just about eking out an existence in this land of plenty and unbounded resources? May it not also be deduced that there is something wrong with an economic system that will tolerate the payment of such revenue to the heads of forty-six per cent of the families of the country? Does not this proposed measure of family allowances offer an immediate and necessary relief to those afflicted families? As I stated at the outset of my remarks, family allocations are not based upon the principle of charity as has been asserted in some quarters. They are based upon the following considerations.

First, the head of the family is rendering a service to the state by maintaining or increasing the population of the country. It is self-evident that a single person or a family without children cannot be said to be either maintaining or increasing the population of the country. Second, the population of the country is considered a great factor in the wealth of the nation. In the sixteenth century the economist Bodin stated that there was no strength or wealth but that found in the human person. The history of modern nations to-day bears out the truth of that axiom.

In 1870 Germany was considered to be a poor nation. None the less it saw its wealth doubled with the increase of its population during the thirty years preceding the war of 1914. On the other hand, during the same period France saw its wealth and population remain practically stagnant. It is all the more important for a young country like Canada that its population should increase in view of the vast expanses of our dominion and our valuable resources. Family allocations will surely make an increased population possible by providing better nutrition and better medical care to our children. These two factors alone will greatly increase our population.

Various insurance companies have endeavoured to place a value upon the person engaged in production. For example, the Metropolitan Life Insurance company carried on a wide and extensive research in this connection some few years back. They came to the conclusion that a person thirty years of age earning $50 a week represented some $31,000 of the economic wealth of the country to which he belonged. At his birth this same person represented an economic value of $9,333. Who is responsible for the proper upkeep, development and orientation of this person whose value to the state is $9,333 if it is not his father and mother? Again the research of the Metropolitan Life mentions that the total cost to a family of a producer such as the one just referred to is $7,200.

The family provides the state with willing workers in agriculture, industry, education and science. The greater the family, the greater its power of consumption of goods produced by the industries of the nation. In view of all these services rendered by the family to the country it would appear that some special consideration should be given by the country to large families. In some cases just the opposite prevails in that the larger the family, the greater the indirect taxes paid, and at times there is even a greater payment of direct taxes.

The economist Fallon has well said that family allocations are not a charitable donation but rather an assistance, an indemnity, a payment for service rendered to the state. It is earned in the most respectable sense of the word. It should be considered just as honourable as payment for other services rendered to the state. For example, the judge and magistrate are not paid because they render justice on the basis of their monetary re-

muneration. The soldier does not defend his country for the pay he gets. Both of these categories are paid because of the service they render to their country, and family allocations should be considered in like manner.

Saturday Night of July 8 last had this to say on the question of family allowances:

There are no doubt certain weaknesses about the bonus system, but it has not yet been established that they are greater than the weaknesses of having no system of dealing with the needs of the underprivileged families, or the weaknesses of any other practical method of doing so.

The proposal of Miss Charlotte Whitton for greatly extended revision of social services are admirable, but they do not and cannot guarantee that all needy families would be adequately looked after.

And again:

A united nation is one in which the more fortunate citizens of all kinds, simply because they are citizens and are more fortunate, are willing to be taxed for the benefit of the less fortunate citizens of all kinds, simply because they also are citizens, but are less fortunate, due in great part because of their greater economic responsibility due to large families.

The article ends with:

We shall have a Canadian nation only when we can feel, pretty generally, that a Canadian child is a Canadian child and entitled to certain economic advantages, whether he is French or Scottish, or Ukrainian by racial origin, whether he is in Quebec or Alberta, whether he is the son of a Roman Catholic or a Presbyterian or a Lutheran. We can hasten that time, or, we can defer it, by our attitude on this legislation.

The *Labour Review* of June last had this to say:

In quite a few countries, children's allowances were paid before the war. After the war, still more countries will have them. Canada has to decide whether or not to keep abreast of Great Britain, Australia and New Zealand in social progress and population policy.

In this sparsely populated land, we should ask ourselves, not whether we can afford children's allowances, but whether we can afford any longer to do without them.

To bring up a large family of children constitutes an unbearable burden to workers who live a hand-to-mouth existence. Not only does this deprive that family of many essentials of life, but frequently it means absolute poverty.

Of all the contingencies of modern life, that of the overburdened family has been the last to be recognized. It may perhaps be easy to explain the tardiness of the movement. The burden of a large family, although just as serious and lasting an even longer period, has not the striking appeal of accidents, unemployment, illness, old age dependency, or widowhood and orphanage. Its hardships are more hidden and the social conscience has naturally been slower in awakening. Furthermore, the sufferings of the victims of economic pressure are not so dramatically displayed as are sacrifices of men in war. They are none the less real, although being silently, slowly, and obscurely borne.

The value of a system of family allowances cannot be questioned. No one can deny the injustice now imposed upon parents who have to raise a large family on wages which at times are frequently insufficient for the parents, let alone the children.

Family allowances would relieve much of the anxiety and poverty which now confronts many parents. They would bring about greater efficiency and reduced labour turnover They would supply an additional ready market for consumers goods to the extent of some one hundred million dollars a year at least; they would give an impetus to the better housing movement and greatly contribute to the gradual disappearance of slum housing. They would also be of some assistance in immigration.

From the point of view of society, the family allowance is the safest and surest way of promoting health and raising the standards of the race both physically and morally. It is the easiest way of preventing the stunted growth of children, and is the least expensive method of reducing infant mortality.

The moral law of the universe is progress, and progress always offers shock and dislocation to the institutions of the past. Every generation that passes idly without adding to that progress remains uninscribed upon the register of humanity, and the succeeding generation tramples its ashes as dust.

Every age has its problems, by solving which humanity is helped forward. The solution of any problem cannot be far wrong if it be solved with a desire for the betterment and social advancement of our fellow men.

I should like in conclusion to quote a paragraph taken from *Industry and Humanity*, which reads:

The sacredness of human personality is more important than all the other considerations. Without infinite regard for individual life, however obscure or deformed, expressions of social values are meaningless. Estimates of national power, pride in industrial growth, forecasts of world expansion . . . any and all of these which reckon material gains apart from the human losses they involve, mistake for life itself the coarse texture of but a part of the garment of life.

Mr. FREDERIC DORION (Charlevoix-Saguenay) (Translation): Mr. Speaker, in rising to take part in this debate I deem it my duty to commend the government for having introduced this measure in the House of Commons. I must say, at the outset, that my commendation implies some qualifications for

reasons which I shall indicate in a few moments, I believe that this question of family allowances should be viewed from two different angles. There is first the matter of principle and in the second place the method of applying that principle. When discussing that second point I shall have to be at variance with the hon. the Minister of Justice (Mr. St. Laurent) and I shall indicate, I believe, that if the bill is not unconstitutional on the whole, it contains at least some most important clauses which go beyond the powers of this parliament.

On that matter of principle, I believe that at this time, nearly all men of good will recognize that family allowances have become necessary nowadays. As far as I am concerned, I had an opportunity, fairly long ago, of advocating publicly the payment of family allowances and I made it a point last year to speak before service clubs where I expounded the value and the advantages of such social legislation. Last year, on March 18, speaking on the budget, I had this to say:

The second thing that comes to the mind of the man on the street is that this budget disregards too much the situation of the Canadian family. The exemptions provided for families with children are not adequate, especially when we take into consideration the obligations of those who have many children below the age of fourteen.

A few weeks later, that is on April 8, 1943, during the debate on the War Income Tax Act, I had an opportunity of voicing similar ideas, when I said, as reported in *Hansard*:

In the application of the income tax the position of those who have many children to support should be taken into consideration. Speaking on the budget some weeks ago I expressed the view that the government should take more care of the heads of large families. I recalled that the essential elements that constitute the society which we are now fighting to safeguard are not adequately protected as regards the burden of taxation imposed upon them.

Further on, as reported on the next page, I said:

Therefore my contention is that married people with dependents, and especially those with four or more dependents, are not adequately protected but are penalized because they have too many children. The country needs large families and it needs well brought up families.

I believe, Mr. Speaker, that this matter of family allowances, like all questions pertaining to social legislation, should be considered on its merits. It is to be regretted that all too often such matters should be discussed, in some quarters, as happened to-night in this house, in a spirit of narrow-mindedness and intolerance.

As an illustration, I should like to quote from an article that appeared in the Toronto *Globe and Mail* on June 18, 1944, and in which it was said:

(Text): The largest slice of the appropriation for family allowances will go to the province of Quebec by reason of the fact that Quebec has more children under 16 years than any other province in the dominion. . . .

(Translation): We have heard practically the same arguments this evening.

(Text): But Ontario, as usual, will be called upon to shoulder one-half of the annual cost of family allowances, or baby bonuses. Thus, the taxpayers of this province will be called upon to support a neighbouring province where big families are more fashionable.

(Translation): And in another newspaper from farther afield the *Brandon Sun* (Manitoba) of July 4, 1944, I find the following:

(Text): The rest of Canada could with some justice assert that the baby bonus was taken from them for the main benefit of the province of Quebec.

(Translation): And this evening we heard in this house the following statement: "These allowances will go to families who refuse to defend their country."

Mr. Speaker, while I do not wish to flatter the government—everyone knows my political views—I say that it is a shame to find that some people discuss such an important matter in such a narrow-minded and small way.

National unity is frequently mentioned and I believe that trouble-makers, those who do their utmost to disrupt national unity, are not found, as some claim, in the province of Quebec but they come from elsewhere. I suggest that this matter of family allowances arises from this famous document known as the Atlantic Charter. Indeed, clause 6 of this charter reads as follows:

After the final destruction of the nazi tyranny, they hope to see established a peace which will afford to all nations the means of dwelling in safety within their own boundaries, and which will afford assurances that all the men in all the lands may live out their lives in freedom from fear and want.

May I point out that we, in Canada, are not the first to advocate such a policy regarding family allowances and those who to-day oppose this measure should seek information in this respect. Indeed, on June 23, 1942, the British House of Commons unanimously passed the following resolution:

(Text): That this house, having regard to the supreme importance of further safeguarding the health and well-being of the rising generation, commends for the immediate consideration of the government the institution of a national scheme of allowances for dependent children as an important contribution to this vital object.

(Translation): Consequently, in June, 1942, the British House of Commons unanimously accepted the principle of family allowances. It follows that we are not pioneers in this particular field, and as it was said a while ago during this debate, several European countries and others have voted legislation of this kind.

In passing, I should like to quote two or three sentences taken from Dr. Marsh's report on social security.

(Text): Quite irrespective of whether the right parents have the most children, children should have an unequivocal place in social security policy. If we are concerned about the quality of parents and their children the proper approach is not to condemn the children to hardship or inadequate conditions because their parents happen to be poor. The child has no choice. His opportunity in the modern community does not depend only on such advantages as he receives by inheritance from his parents, but on their income level, and on the children with whom he must grow up. The needs, of course, are greatest among the lower income groups, but there are narrow margins for the families of many parents whose earnings by labour market standards would be regarded as reasonable or moderate.

(Translation): I would add to these testimonies, which I claim to be authoritative, that one of my colleagues, the hon. member for Vancouver North (Mr. Sinclair) who very appropriately said in his speech on the address:

(Text): As regards family allowances here again we in the services have had actual experience. I have never heard a single unmarried airman complain because a married man of the same rank, doing the same job, actually was getting more money because of his dependents' allowance; they all agree that it is a first-class thing. I understand that there is considerable opposition from some groups because they feel that this is going to give undue advantage to large families of French Canada. I say this is a reproach not to the large families of French Canada but to the small families or the lack of families in the rest of Canada. If family allowances increase the size of the families in the rest of Canada it will be a very fine thing, far better than any system of unrestricted or selected immigration.

(Translation): The hon member for Vancouver North deserves commendation for this fair and honest statement. As I said before, this matter has been studied by sociologists, men of great experience, well versed in the matter and it is now acknowledged everywhere as indispensable. I shall only refer you to the work of Father Léon Lebel, Jesuit, who has investigated the different aspects of this subject and has concluded that such a measure has become necessary. I wish also to mention two well-written articles which appeared in *Le Droit*, an Ottawa newspaper and in *L'Action Catholique*, of Quebec city containing comprehensive reviews of the whole situation.

Mr. Speaker, we should not forget that family allowances will apply essentially and primarly to large families; this is very important, especially in view of the remarks I shall make in connection with the methods of applying the principle of the bill.

Before doing this, I would like to quote an excerpt from the report of the McTague commission on labour problems. In reading over this extract, Mr. Speaker, I am rather surprised to notice that this Mr. McTague, who is now, as everyone knows, one of the leaders of the Progressive Conservative party, has altered his views, if we may judge by the opinions expressed in the house this afternoon.

Another solution could be a system of family allowances granted by the federal authorities. Doubtless its administration would offer some difficulties and complexities. However, it would be feasible. The family allowance could be paid to the worker who is the head of a family, for children under 16 on a decreasing scale for each additional child.

It would seem that the bill now before the house has been copied on the McTague report, with all the flaws discernible in the above excerpt. It is rather surprising to find that, for reasons I have already enumerated, certain people object to this necessary measure, meant to help the heads of large families, who are now prevented, by our present economic set-up, properly to maintain their children, especially as their number increases. The reason for this is that, previous to the expansion of large industries, there were many small plants and numerous small shop owners who could work more than eight or ten hours a day, as the needs of their families required. Now, with the standardization of work, with the present system to which we must submit, wages are stabilized and the head of a family is not allowed, as before, to work longer hours in order to increase his income. He must comply with the requirements of our economic system. In the past the need for such legislation may not have been felt, but to-day it has become necessary, by reason of our economic set-up and by reason of the important place the machine has taken in industry.

Mr. Speaker, economists are all agreed that in order to maintain society each family must have at least three children, and if society is to expand and progress, it is necessary that there be at least four children in each family. Now, in Canada, according to figures which were given last year in answer to questions I had asked concerning the 1941 census, and which may be found at page 1230 of unrevised *Hansard* for 1943, it may be seen that according to this census, there were 2,486,920 families in Canada; out of this number, 782,000 had no children. I have already stated that

according to the economists families must have at least three children in order to maintain the population at the same level. Now, in Canada 2,059,150 families had three children or less. The number of families with four children or more, the only families who can contribute to the development and progress of our society, amounted to 427,770, or 17·2 per cent of the total number. This means that, according to the 1941 census, 17·2 per cent of family heads of this country have to assure the progress of society, and, as we all know, they are not the ones who receive the largest salaries. Therefore it is obvious that society must come to the assistance of that part of our population which must bear the whole burden of the progress and advancement of society.

Now that I have made clear the necessity of this social legislation, especially through the authorities I have quoted, I come to the second part of my remarks: the methods put forward in the bill before us. Before going into certain details I must admit that I was somewhat astonished when I heard family allowances mentioned in the speech from the throne, because last year, on the 8th of April to be exact, during the debate I mentioned a moment ago on the Income War Tax Act, I had introduced in this house an amendment to the budget resolution before us. Here is the amendment I introduced then:

That section 1 of the present resolution be amended by adding the following words:

"Provided that in the case of a married person with four or more dependents, or any person granted an equivalent status under the act, whose earned income is less than $3,000, there will be no income tax liability in respect of the taxation year 1942.

This amounted, I think, to a sort of recognition of principles whose application is to-day acknowledged by everyone as being imperative. Now, here is what was at that time—that is in April, 1943, and therefore not very long ago—the government policy as regards this particular point as expressed by Minister of Finance (Mr. Ilsley). I quote from page 1993 of *Hansard*:

In our taxation system, should we provide that from his taxes a taxpayer shall have deducted an amount sufficient to enable him to support his wife and children. Well, I say it never has been done, and I do not think it ever should be done. When a person marries he expects and is expected to assume responsibilities. He does not expect the government to assume his responsibilities for him.

And a little further on:

If a single man gets married he must be prepared to support himself and his wife on the income he received before he was married.

[Mr. Dorion.]

This year, when the government announced this scheme of family allowances in the speech from the throne, I found, to my surprise, and I am therefore justified in saying this, that its policy concerning large families had undergone a radical change.

Mr. FAUTEUX (Translation): We have a progressive government.

Mr. DORION (Translation): That's right. Notwithstanding the most appropriate remarks made this afternoon by the hon. Minister of Justice, I submit that the provinces ought to have their say in the administration of this social legislation. Not so much from a constitutional aspect as from a practical aspect, as regards implementing this social legislation, the provincial governments are evidently in a much better position that the dominion government to know the needs of their people. The former come in much closer contact with the individuals who require help and who may benefit by this social legislation.

As regards the application of the family allowances principle the provinces are in a much better position than any department of the federal government to carry out such legislation properly. There is more to this, however. As I said earlier, one finds in the bill now before the house striking and important flaws. For my part I will certainly support the bill because I consider it far more important than any question of procedure. To a certain extent, however, I wish to disclaim responsibility for possible after-affects of the bill, for I submit it cannot be applied in its entirety and that the children whom it is intended to favour might not benefit by this act unless it is amended in certain respects. My statement is based on subsection 2 of section 4 which reads as follows:

The allowance shall cease to be payable with the payment for the month when the child attains his sixteenth birthday or when, being above the age of six years and physically fit to attend school, he fails to attend school or to receive equivalent training as prescribed in the regulations or when he dies or ceases to reside in Canada, etc.

Now, Mr. Speaker, if there is one matter which is exclusively within the jurisdiction of the provinces it is the matter of education. As a matter of fact, I need only refer to section 93 of the British North America Act to find out that the Dominion government can in no way and under no circumstances interfere with education. Now, in this measure, children are compelled to attend school until the age of sixteen. The Dominion government is accordingly enforcing compulsory education. The door being thus open, where can such a system lead us? Who can tell us that the education of our children will

not, through some regulation enacted under the powers granted the dominion government by this act, have to be given in one way or another? Who can tell us that, the door now being thus open, children will not be compelled to attend some particular school? It might then be maintained that the section I have just mentioned is only being carried out, and I submit—

Mr. BERTRAND (Laurier) (Translation): One must have a good deal of imagination to draw such conclusions.

Mr. DORION (Translation): I am only reading the bill and I submit that imagination has no part in that. I challenge any one to say that under subsection 2 of section 4 compulsory education is not imposed. I shall go farther. School attendance is made compulsory until the age of sixteen! What will happen in the province of Quebec, since under the compulsory education act of that province children must attend school only until the age of fourteen? The provincial act and this one will conflict. It is obvious that the provisions of subsection 2, section 4, of the bill is unconstitutional. That is not all. In section 6 of the same bill, provision is made for the establishment of a court of appeal:

> If any person is dissatisfied with a decision as to his right to be paid an allowance or as to the amount of an allowance payable to him or as to any other matter arising under this act, he may appeal against such decision to a tribunal to be established and conducted in accordance with regulations, . . .

Now, in reference to the British North America Act—

Mr. ST. LAURENT (Translation): Mr. Speaker, if the hon. member will permit me. We are now debating the second reading and the principle involved, not the details. The points brought up by the hon. member are certainly debatable. Details will be examined when each section is submitted to the committee. Does not the hon. member think it would be more profitable to postpone the detailed discussion until the matter is referred to the committee of the house for consideration? I do not want to raise any objection, but the hon. member stated he agreed with the principle of the bill. He will be given all the latitude desired to make representations, which might prove very weighty, when the bill is discussed in detail. The hon. member admitted of his own accord that he did not consider the objections he is discussing at present would justify him in opposing the principle which is submitted to the house for second reading. Would it not be preferable to postpone this discussion until it is possible to arrive at a decision on the objections raised by the hon. member.

Mr. POULIOT (Translation): He is offering suggestions for the improvement of the bill.

Mr. DORION (Translation): The reason why I raised those two points is that the honourable the Minister of Justice, if I am not mistaken, told us this afternoon, when he discussed the constitutionality of the act, that its going into effect was dependent on two conditions: first, that application should be made in accordance with the provisions of the act, and second, that the money should be spent for the welfare of the child. Now, in answer to the Minister of Justice, I have the right to show that this bill contains, as I said at the outset, sections which, in my opinion, are unconstitutional. I am discussing the principle of the bill by referring to the unconstitutional character of a few sections of this bill. From a practical standpoint, I wish to submit to this house the observations I have to make because, and I do say this with the utmost sincerity, the application of the bill in its present form will be impossible or it will entail so many difficulties that the measures which we now are considering for the benefit of children will not be operative. I think it is proper to discuss, on the matter of principle, the constitutionality of some provisions and the practicability of some others. I believe I am quite in order.

Mr. Speaker, as I was saying, section 6 provides for the setting up of a tribunal. I suggest that under section 92 of the British North America Act, subsection 14, this is a matter which is within the exclusive jurisdiction of the provinces:

> The administration of justice in the province, including the constitution, maintenance and organization of provincial courts, both of civil and of criminal jurisdiction, and including procedure in civil matters in those courts.

And to exemplify, I would say that at one time some legislation had to be passed by this parliament in connection with the Bankruptcy Court, and it was desired to submit the dispute to a special court. Under the Bankruptcy Act that dispute had to be referred to provincial courts.

Section (d) of chapter 213 states:

> "Court" means, in the province of Quebec, the Superior Court.

And section 104 of chapter 213 states:

> Such an appeal shall lie to the highest court of final resort for the province or territory in which the proceeding originated.

Therefore, this parliament has no authority to set up this tribunal and clause 6 should be deleted or be amended, otherwise it might give rise to disputes which would prevent the operation of the Act. And further, as the bill now stands, I suggest that the tribunal

in question would merely be a board to ratify the decisions of the minister as provided by section 5. We have at present in Canada courts capable of administering this act and in my opinion no other courts should be set up for this purpose.

There is another anomaly which I would point out and it is found in section 3. I am absolutely opposed to the decreasing scale of allowances because, as I said a moment ago, family allowances are intended primarily for large families. I suggest that under the scale provided in section 3 this principle is disregarded. As the family increases the allowance decreases. Therefore, I contend that this is contrary to the principle under which family allowances should be given to large families.

There is another and more serious anomaly. Here is the last paragraph of section 3:

> Provided that the allowance payable shall, in respect of a fifth child maintained by the parent, be reduced by one dollar and in respect of a sixth child and a seventh child respectively so maintained, by two dollars and in respect of an eighth child and each additional child respectively so maintained, by three dollars.

What is meant by the word "maintain"? Referring back to section 2, I do not think the definition is what we might expect. Here it is:

> "maintains" means maintains wholly or substantially.

Then, the word should be taken in its etymological sense.

A man may have children over 16 whom he maintains and for whom he draws no family allowance, although they contribute to reduce the grant provided for his younger brothers and sisters.

The following illustration is a perfect example of such a situation. Let us take a family with six children aged 20, 18, 16, 14, 12 and 10. The first three, as frequently happens, are still at school and therefore maintained by their parents; however, they do not entitle them to family allowances because they are over sixteen. The fourteen-year-old, the twelve-year-old and the ten-year-old are respectively the fourth, fifth and sixth children.

Under section 3, these last three children, the only members of the family entitled to the allowances, would see their grants reduced because they have older brothers maintained by their parents.

I consider this a flaw in this measure and, to my mind, it is in direct opposition to the principle of the bill.

I felt it important to point out these flaws and I deemed it my duty to call attention to them immediately so they may be remedied. A practical and properly applied family allowance legislation would answer an obvious need throughout the country and would benefit the large families.

In concluding, Mr. Speaker, I shall quote, with your permission, an extract from a poem by Richmond Builder, which, I believe, summarizes this whole situation.

(Text)

So Long As There Are Homes

So long as there are homes to which men turn
At the close of day,
So long as there are homes where children are—
Where women stay,
If love and loyalty and faith be found
Across these sills,
A stricken nation can recover from
Its gravest ills.

So long as there are homes where fires burn
And there is bread,
So long as there are homes where lamps are lit
And prayers are said:
Although a people falter through the dark
And nations grope,
With God himself back of these little homes
We still can hope.

On motion of Mr. Claxton the debate was adjourned.

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

Wednesday, July 26, 1944

The house met at eleven o'clock.

VACANCY

RESIGNATION OF MEMBER FOR THE ELECTORAL DISTRICT OF TERREBONNE

Mr. SPEAKER: I have the honour to inform the house that I have received the resignation of Lionel Bertrand, Esquire, as member for the electoral district of Terrebonne. I have accordingly issued my warrant to the chief electoral officer to make out a new writ of election for the said electoral district.

WAR EXCHANGE CONSERVATION ACT

Hon. J. L. ILSLEY (Minister of Finance) moved the third reading of bill No. 162, to amend the War Exchange Conservation Act, 1940.

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

SPECIAL WAR REVENUE ACT

Hon. J. L. ILSLEY (Minister of Finance) moved the third reading of bill No. 163, to amend the Special War Revenue Act.

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

DOMINION SUCCESSION DUTY ACT

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of bill No. 166, to amend the Dominion Succession Duty Act.

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, once more I register my protest against this kind of legislation. After the interprovincial conference in 1935 Mr. Dunning, who was then minister of finance, came out with this same suggestion, which was also contained in the report of the Rowell-Sirois commission. I always felt that I was wrong when I supported Mr. Dunning, and I could not accept the Sirois report, which was the apotheosis of soft brains. For these reasons I register my protest against legislation of this kind.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Bradette in the chair.

On section 1—Definitions.

Mr. FRASER (Peterborough West): The trouble in regard to succession duties has been that when a person dies the executors make their filing, which goes down to the divisional office of the succession duties branch, and then after months and months and months—and months, as one hon. member beside me suggests—the department send out a notice that they are not satisfied with the return that has been made and they jump the assessment up by perhaps many thousands of dollars; not only that, but they charge interest on the amount from the time of death until the duty is paid. That is not right, because the executors do not know that the department will change the assessment or have different ideas about the amount of the estate. I feel that no interest should be charged on the unpaid balance until after a notice has been sent to the executors. The same thing applies to income tax on estates. I notice it in connection with the deferred tax for 1942. I got my notice the other day that my deferred tax for 1942 was so much, and due at time of death and interest at eight per cent to be charged from date of death. I think that is very unjust.

Mr. HANSON (York-Sunbury): I think the hon. member has got two things mixed.

Mr. FRASER (Peterborough West): No, I am just saying that as regards succession duty and deferred income tax for 1942, the same rule applies. They go back to the time of death. I say that interest should be charged only from the time the notice has been sent out from the succession duty office.

Mr. HANSON (York-Sunbury): The minister should give some explanation as to why in the case of succession duties and income tax, interest is charged from a date anterior to the making of the assessment, rather than from the time of ascertaining what the liability is. This is an obnoxious feature of both laws—the charging of interest on an unascertained amount prior to assessment. I object to it. On principle it is bad. Under no statute I know of other than these two statutes, under no process of law that I know of, does interest begin to run, except by contract as in the case of a promissory note, or of special contract in the case of a special contract, until the liability at least is ascertained. That is a sound principle. This is a violation of that principle; it must be done simply for the purpose of screwing a little more money out of the taxpayers, and I object to it.

Mr. BENCE: I should like to repeat the protest I made when this matter was being discussed on the resolution, against the practice which is followed at the present time with respect to the use of the Dominion Succession Duty Act to force the filing of income tax returns. Have the officials of the department in charge of this particular act the right, once it is determined that an estate is not taxable, to refuse to issue the certificate until the personal representative has filed whatever income tax returns the income tax division feels justified in calling upon him to supply?

Mr. HANSON (York-Sunbury): There is no legal justification for that.

Mr. BENCE: I suggested before that if the matter of the income tax form and the administration of that department has to be tightened up it should be done under the provisions of the Income War Tax Act. I object most strenuously to this indirect method of forcing people to do something which they were not forced to do before this act was brought into effect. The question of dominion succession duties has nothing to do with income tax. I suggest that the administration is merely taking this indirect method of doing something which, if it is done, should be done in a direct way. Is the department within its legal rights in refusing to issue the certificate merely because the income tax division wants to have certain income tax forms filed by the personal representative?

Mr. GIBSON: Of course the succession duty department is within its rights, as it only issues the certificate when the estate has been cleared up. The outstanding accounts of the estate are not definitely known until the income tax liability has been settled, and con-

sequently the estate is not closed up until all outstanding accounts are provided for, and until the outstanding income tax liability is determined the estate cannot be finally settled. So that the succession duty branch has no other course than to make sure that all debts owing by the estate are accounted for before the estate is wound up.

Mr. HANSON (York-Sunbury): That is just—let me say—buncombe. There is no legal sanction for that in the statute, but they use their position, as being the same branch covering the two agencies, to force something which otherwise they could not force. Where is the legal sanction for the position the minister takes? There is none. I want an answer: is there any legal sanction for the position the minister is now taking? Point out the section of the statute which gives him the right. It is not there.

The CHAIRMAN: If I may be allowed, we are dealing with bill No. 166, and I called section 1, which deals with "definitions".

Mr. HANSON (York-Sunbury): I thought that was carried. There must be some place where succession duties can be discussed under this measure.

Mr. ABBOTT: It should have been done on the second reading of this bill.

Mr. HANSON (York-Sunbury): But on second reading you cannot cross-examine ministers. If the rule is going to be applied strictly, let us have it, but I think there should be enough leeway to air a grievance, and you cannot do it on second reading because, as I have said, you cannot cross-examine the minister.

Mr. ABBOTT: I believe the point has been stated here; the minister has answered; and I do not think we can allow this section to be used as one upon which the minister or myself can be cross-examined on all matters relating to succession duties. If that were the case, the moment you opened the act on one minor point you would have to traverse the whole subject—that at least is my belief—and I think that is going pretty far.

Mr. HANSON (York-Sunbury): If the parliamentary assistant takes that attitude I do not think I can force his hand. But there is no legal sanction in our laws to-day for the attitude and the practice followed by the succession duty branch.

Mr. FRASER (Peterborough West): There is no other section on which I can ask this question. I should like to know what rate of interest the succession duty branch charges on unpaid balance of duties.

[Mr. Gibson.]

Mr. GIBSON: Five per cent.

Mr. FRASER (Peterborough West): Then it is different from the 1942 deferred income tax rate, which is eight per cent.

Mr. GIBSON: No, the income tax rate is five per cent, and it was reduced to four per cent this year. This is a penalty section as well for income tax payments which are in arrears after the assessment has been made.

Mr. FRASER (Peterborough West): On the 1942 notice it stated that it was eight per cent from time of death.

Mr. GIBSON: That is after an assessment has been made, if payment is not made within a month an extra three per cent applies, bringing it to eight per cent.

Mr. FRASER (Peterborough West): That is what I mentioned before. It says eight per cent from date of death.

Mr. McNIVEN: I am glad that the definition of "child" contained in subsection (b) has been widened, and I understand that the definition now corresponds to definitions of "child" which appear in the succession duty acts of the several provinces. Because of that variation between the definitions in provincial succession duty acts and the Dominion Succession Duty Act, duty has been collected on estates where the beneficiaries were children within the meaning of the present definition. I mean that where a deceased had been in the position of *loco parentis* to a child but had not taken out papers, on his death that child is treated as a stranger and succession duty rates have been very much higher. I have in mind one case where the succession duty absorbed a very large portion of the cash which was in the estate and left the child, then eight years old, dependent upon certain property of doubtful value. What I should like to know is whether, in the interpretation of this clause, there is a possibility of its being regarded as retroactive so as to cover estates which have already been administered or returns filed since the inception of the act; or alternatively, is there any provision in the administration of the department for consideration of cases which have already been dealt with and for the granting of relief? I take it that that could well be done in view of the fact that parliament is now recognizing that the definition of "child" as contained in the original act was much too narrow.

Mr. ABBOTT: That question was considered, but it was decided that the proposed amendment would not be made retroactive. As things stand at the moment, therefore, it will apply only to estates which devolve from now on. It is pointed out that estates have

been dealt with and the assets distributed on the basis of the law as it stood at that time, and for that among other reasons it was decided that this statute would not be given retroactive effect.

Mr. HANSON (York-Sunbury): It would not be of very wide application anyway.

Mr. ABBOTT: Not very wide, no, although I think it would have some considerable application. Representations were made that this extension should be given, that there were cases, as the hon. member for Regina City has pointed out, where the deceased stood in *loco parentis* but had never formally adopted the child he had been supporting for years, and it was felt that the benefit of the lower rates of exemptions under the succession duty act should be extended to that child.

Mr. TUCKER: In any case where levies are made and have not been paid will they now be cancelled? I have in mind a very bad case, such as the hon. member for Regina City has mentioned, where land of doubtful value was left to a beneficiary and actually a levy was made on that bequest under circumstances now covered by this act, which means that that beneficiary will ultimately have to pay for the land more than it is really worth. He has not yet paid, but the levy has stood against that land for the last five or six years. Will that levy be cancelled?

Mr. ABBOTT: I want to get the facts correctly. I understand that the estate devolved subsequent to the enactment of the act and that duties were assessed in accordance with the law as it now stands but have not yet been paid. My hon. friend wants to know whether those duties will be remitted if this amendment is carried. My answer would be that since the law is not being given retroactive effect, they could not be remitted. It would be putting that particular taxpayer in a better position than one who paid his duty when it became due. I am giving that as my opinion now, rather as a legal opinion, and I do not know what the administrative action of the department will be. I doubt, however, whether it would have legal authority to remit the amount of that tax which had accrued prior to the coming into force of the act.

Mr. McNIVEN: Generally speaking I am opposed to retroactive legislation, but I think the department might well consider that possibility having regard to this particular definition, in view of the fact that it is apparently the desire of the department to bring their definition of "child" into conformity with the definition of child as contained in the various provincial succession duty acts. For example, we have in some provinces "child" treated the same as "natural child," where the rates of succession duty are very low, and under the dominion act treated as a stranger and the rates of duty are seven or eight times as great as they would be if the individual were assessed as a natural child.

Mr. GREEN: May I ask the parliamentary assistant whether he has checked up with regard to the facts I brought to the attention of the committee on the nineteenth? I pointed out that I had come across cases where dominion succession duty was levied against an interest bequeathed to a certain person by will and subsequently under the Testator's Family Maintenance Act of British Columbia other parties interested had been able to change that succession. The person to whom the bequest had been made, had his bequest cut down a great deal. There is no provision in the dominion act to cover such a case. The duty is levied just as though there had been no change under the provincial law. That is a very unfair situation and I think some provision should be put in the succession duty act to cover it.

Mr. ABBOTT: I believe this question was raised the other day when we were in the resolution stage. The practice which is followed by the dominion succession duty authorities, and it seems probably the only practice which could be logically followed, is that they are governed by the provisions of the will or by the provisions of the statute in case of intestacy in the jurisdiction in which the estate devolves. The succession devolves as of the date of death and therefore the dominion considers that the liability to succession duty attaches on the assets of the estate as they existed at that time.

Mr. HANSON (York-Sunbury): Devolution under the law governs.

Mr. ABBOTT: Devolution under the law is what governs. If in certain jurisdictions there is statutory provision for varying the provisions of a will in order to provide maintenance for certain people it is felt that that is a matter of local convenience and the dominion succession duty law cannot properly take cognizance—

Mr. GREEN: Can or cannot?

Mr. ABBOTT: —cannot take into account local arrangements.

Mr. GREEN: That is very unfair, because actually the devolution in the province is covered by the Testator's Family Maintenance Act in that case. In British Columbia we have had an act of that type for perhaps fifteen years; the succession can be changed by

the Testator's Family Maintenance Act, provided that application is made, I believe, within six months after death.

Mr. HANSON (York-Sunbury): Where there is a will.

Mr. GREEN: Yes. It gives power to vary the will. It enables the wife or the child to apply to have the will varied and is used in quite a few cases. I do not see what earthly right the dominion government has to refuse to recognize that provincial law. The provinces have the right to pass such laws and the dominion should recognize them. There is just as much reason why the dominion should recognize the Testator's Family Maintenance Acts as that it should recognize the intestacy laws of a province. They are absolutely on the same footing, and I cannot understand why the dominion refuses to recognize these maintenance acts.

Mr. ABBOTT: Of course, I find it a little difficult to answer my hon. friend because in my own jurisdiction there is not a statute of that kind, but I understand it is really varying the devolution of the estate as provided by will or as provided by law. It is tantamount to a compromise between the beneficiaries which is confirmed by the court—

Mr. GREEN: No; it is not a compromise at all.

Mr. ABBOTT: I appreciate that. But the various parties appear before the court and the court decides that the will did not provide for an equitable distribution, or that the law has not provided for it, and it can vary that distribution. It can also, I take it, in the terms of the order vary the apportionment of the death duties. Surely it would be competent for the court to do that. I am almost thinking aloud, but it could make it a condition to the varying of the provision of the will that beneficiary A should receive fifty per cent of what was provided in the will and that the person to whom the remaining fifty per cent of the legacy was transferred should pay a proportionately greater amount of any death duties that were levied, and if party A had been assessed for a greater amount he should be reimbursed that amount by party B to whom the transfer was made. It is indicated to me by the officials that they feel it is not practicable or desirable that any other basis should be taken for the assessment of dominion succession duties than the assets as they devolve on the date of death; and if there is a local statute which provides for varying that, then the local jurisdiction should make provision for the necessary adjustments of death duty liabilities or whatever other charges may attach to the estate.

Mr. GREEN: That is all right, but here is what happens. I know of one case in which the person actually paid the dominion succession duty on the bequest; in other words, the dominion government got the money, and then under the Testator's Family Maintenance Act the terms of the will were varied and the person who had already paid the succession duty has his bequest reduced. In some cases the reduction may be very large; it may even be wiped out by the order under the Testator's Family Maintenance Act of that province. Therefore you have the position of the dominion getting the money and the person not getting the bequest. That is obviously unfair. The provincial succession duty act provides for those orders that are made under the Testator's Family Maintenance Act, and there is no reason why the Dominion Succession Duty Act should not contain a similar provision. The provinces have the sole right to say how property will go. They can change the devolution as they see fit, and they have done it in some provinces. I think Ontario also has a Testator's Family Maintenance Act.

Mr. ABBOTT: That change in the law is made by the courts, of course.

Mr. GREEN: The change in the law is made by the provincial statutes.

Mr. ABBOTT: The provincial statutes authorize the courts to change the provision of the will, the devolution as provided by the will or as provided by the laws of intestacy.

Mr. GREEN: It is a method of distributing the estate just the same as the intestacy laws of the provinces which govern the manner in which an estate shall be distributed where there is no will. The Dominion Succession Duties Act should make provision for those orders made under the Testator's Family Maintenance Act.

Mr. HANSON (York-Sunbury): This involves a question of conflict of law. I think the parliamentary assistant has correctly stated the fundamental basis of the assessment. At the same time I am impressed by what the hon. member for Vancouver South has said, that it might work great injustice. I would suggest that the succession duty department work out some kind of arrangement with the authorities of British Columbia so as to avoid what would appear to be a manifest injustice. In my province we do not have any such laws as that. We do have a statute, which was passed by the legislature, relating to the devolution of intestate estates. I am not so sure that they were right, but they thought so and it is still the law. In the case of the death of an intestate leaving no issue but leaving a

wife, she now gets a much larger share than she did under the old Devolution of Estates Act; and that might alter the incidence, because in that case I suggest the wife is in a preferred class, and the balance goes to, shall I say, the second or the third class, the collateral relatives. It alters the rate of taxation for succession duty purposes in the province. I think this should be the subject of a conference with the provinces. In the meantime the law is as it is and it is not proposed to change it now.

Mr. ABBOTT: I think that is probably a good suggestion. My own view would be that the judges in those provinces which have legislation of the kind referred to by the hon. member for Vancouver South should bear in mind that the succession duty law—the dominion at any rate—provides that duties shall be assessed on the basis of the estate as it devolves under the will or by the ordinary law, and that in making any orders such as have been indicated here the courts should impose an appropriate condition as to the adjustment of succession duty liability as between the various benefited parties.

Mr. HANSON (York-Sunbury): The statutes may not give them that right.

Mr. ABBOTT: I am in the dark on this. May I ask the hon. member for Vancouver South what the provincial statute provides with respect to provincial succession duties in a case of that kind?

Mr. GREEN: If I remember correctly, the provincial succession duty act recognizes an order made under the Testator's Family Maintenance Act and levies accordingly. The suggestion made by the parliamentary assistant would not work in all cases, because it might happen that the rate of succession duty would be changed. For example, if by order the money goes to a wife whereas it was bequeathed to a sister, the rate is changed. It would not be fair to ask the judges to take that into account. The Testator's Family Maintenance Act is a beneficial one. It protects the wife and children, and also the husband but no other relatives. These acts prevent a father from unfairly disinheriting his children or his wife and they have been very beneficial. I think the only way the difficulty can be remedied is to have a provision put in the Dominion Succession Duty Act. I know the government does not want to get money to which it is not entitled, yet that is what is happening under the present law.

Mr. NICHOLSON: There is a matter that I should bring to the attention of the committee. It is based on an item that appears in the Lucknow *Sentinel* of June 1. It is a report in connection with a case where action was being taken to set aside the will of a bachelor who died leaving an estate of $110,000. According to the report the will is being attacked on the ground that the deceased did not have sufficient testamentary capacity at the time of making the will to comprehend the nature and quality of the act of making a will or appreciating the nature of his estate. The report also says that those who had assisted the deceased in making his will at his request thought that he had left his estate as he did because of his fear of succession duties that would be levied, and that they advised him if it was left in such an endowment fund the government would not get any of it. There appears to be about $60,000 being disputed. My attention was drawn to this case some time ago, after which I took it up with the income tax department by telephone and suggested that when the case was being heard the dominion government should have been represented at court. My representations were not accepted in very good grace by the department. My view was that the interests of the crown should be protected. I am not in a position to express an opinion regarding the merits of the case. I think that where such a large sum is involved, and the will is being attacked on the ground that the deceased was not in a fit state to make a will, the federal government should interest itself in the matter.

Mr. ABBOTT: I have listened to my hon. friend. I am afraid I have been giving a lot of latitude here this morning. I protested before that we should keep within the section. This question whether a man is capable or incapable of making a will is a matter of property and civil rights which falls within the jurisdiction of the provinces. The dominion has no jurisdiction to say whether or not he is capable of making a will. Therefore it would be completely improper for the dominion government to be represented at any trial to determine whether a man was capable of making a will or not. I do not want to get into a long legal discussion here on testamentary capacity or anything else, but I do wish the committee would keep within the provisions of section 1, which extends and amplifies the definition of "child" as contained in the succession duty act.

Section agreed to.

On section 2—Gifts with reservation of benefit.

Mr. HANSON (York-Sunbury): Subsection 1 of this section repeals the existing para-

graph (d) of subsection 1 of section 3 of the act. It is in the nature of a benefit because there is an exemption from taxation through the limitation of three years. That applies where a gift is made and there is a bona fide possession and enjoyment and no reassumption by the donee. I think that is a proper provision. I am interested in the second subsection which adds a new subsection 4. This covers the case we were discussing on the resolution stage. It is quite clear now that it is the intention of the government to take authority to tax succession twice in a given set of circumstances.

Mr. ABBOTT: They are doing it now; this is really to confirm it.

Mr. HANSON (York-Sunbury): I doubt if they have the authority to do it. This is to make sure?

Mr. ABBOTT: That is correct.

Mr. HANSON (York-Sunbury): I doubt if they have authority to do that now. This is to make sure that where a person has a general power of disposition and does not exercise that power he shall be deemed to take succession in the first instance, and on his death the second succession occurs. That is exactly the situation in at least some of the provinces. Is that rule general in all the provinces, or only in some?

Mr. ABBOTT: I am told it is the rule in practically all.

Mr. HANSON (York-Sunbury): You do not know of any exception?

Mr. ABBOTT: No.

Mr. HANSON (York-Sunbury): It is just one of those cases where the thumbscrews are being turned a little in order to get more money for the crown. I should like to know if I understand the thing thoroughly. Of course, those who will have the liability in the first place will have to protect themselves with a proper instrument of disposition, that is, under their will. If a person in that situation makes a proper disposition and provides for alternative disposition in the event of the failure of the person to whom the power is given to appoint or dispose of the property, this situation will not arise.

Mr. ABBOTT: That is correct. If the power is general, then this section will operate, and section 31 as well.

Mr. HANSON (York-Sunbury): If there is a general power to appoint and he does appoint, will there still be double taxation?

Mr. ABBOTT: That is right.

[Mr. R. B. Hanson.]

Mr. HANSON (York-Sunbury): Has that always been the law?

Mr. ABBOTT: I call my hon. friend's attention to section 31 of the act as it now stands, which reads:

> Where a general power to appoint any property either by instrument *inter vivos*, or by will, or both, is given to any person, the duty levied in respect of the succession thereto shall be payable in the same manner and at the same time as if the property itself had been given, devised or bequeathed, to the person to whom such power is given.

Mr. HANSON (York-Sunbury): That means he pays on the devolution in the first instance?

Mr. ABBOTT: He is getting it just as though it was his own property.

Mr. HANSON (York-Sunbury): Not unless he takes a beneficial interest.

Mr. ABBOTT: He can do that under the general power.

Mr. HANSON (York-Sunbury): But if he does not get any benefit from it there are two sets of taxation. If he derives pecuniary benefits then I do not think there can be great objection to his being taxed, but if he merely takes it in a fiduciary capacity and derives no personal benefit, there should not be double taxation.

Mr. ABBOTT: The will should be drawn to prevent that.

Mr. HANSON (York-Sunbury): I agree that they will have to protect themselves by will.

Mr. HAZEN: I am not clear about this; I was not able to hear all that was said. I should like to state a specific case and find out just what the answer will be. I mentioned this the last time we were discussing this matter. If a man by his will leaves his property to his wife for life with power of appointment and in the event that she fails to exercise that power, to a son or some children or somebody else, and the wife exercises that power, does she have to pay succession duty on the full estate and will the children or the persons to whom she leaves the property have to pay duty on the full estate on her death?

Mr. ABBOTT: I am assuming that the power of appointment referred to is a limited power, that is, that the testator in his will gave the wife a life interest and provided that she might by her will appoint one or more of the children?

Mr. HAZEN: No. The testator by his will leaves it to his wife for life, and gives her a general power so that she may leave the property to whom she sees fit.

Mr. ABBOTT: Even to strangers?

Mr. HAZEN: To whom she sees fit.

Mr. ABBOTT: There would certainly be two duties in that case. She would be assessed on her life interest and then on her death it would be treated as forming part of her estate.

Mr. HAZEN: I think that matter should be given further consideration because it is not fair. It amounts to double taxation. A man may have made that kind of will some time ago. He leaves his estate to his wife for life with a general power of appointment, and to his children if the wife fails to exercise that appointment. He lives for many years after his will is made, and dies, we will say, when he is seventy or seventy-two years of age. His wife is about the same age and survives him only for a year or two, having exercised her power of appointment. The result is that there would be two taxes on the whole estate within two or three years. The wife would have a life interest in the estate for two, three or four years and yet she would be taxed on the full estate. Then after that time her children, or whoever received the property, would be taxed again on the full estate. I think if the parliamentary assistant considers that matter he will come to the conclusion that it is not fair. I suggest that the section should not be passed in this form, that further consideration be given to the point. I protest against the section going through in its present form. Surely there should be some way of working this thing out so that it would be more equitable. The wife has had a life interest for only two or three years and she is taxed on the full value of the estate. Then there is a tax on the full value of the estate upon her death. That is not quite right. There should be some change made in this section to provide for a case of that kind.

Mr. ABBOTT: This is not really a change in the law. It is a qualifying provision in the definition section. Section 31 is quite clear with respect to the effect, from a succession duty point of view, of providing for a general power of appointment. Under section 31 that would appear to be clear. The case my hon. friend has cited may appear, on the surface, to be a hard case. But the answer really is that a will should not be drawn in that way. It is all very well to say that the widow is given a life interest. But in fact she is given complete and free distribution of the corpus of the estate, because there is no restriction on her right of disposition. The testator has indicated, it is true, to whom he would like the property to go if she does not see fit to exercise her power of disposition. But she is perfectly free to leave it to a complete stranger. I should not think my hon. friend would suggest that under those circumstances there should not be a tax imposed, if she did exercise that power of appointment. What he is suggesting is that if she fails to exercise it there should not be a tax. The point is as to whether the testator has absolute freedom in exercising the power of appointment. That is the test. It seems to me it is a reasonable test; and if the legal profession or testators are aware of the law they will be governed accordingly in drawing wills.

Mr. HAZEN: I do not suggest that the widow should escape taxation. But I submit she should be taxed only on the life interest. I think that is the stand that the parliamentary assistant took, and that is what he had in mind the other day when this matter was discussed. This is what was said on that occasion:

> Mr. Hazen: That is what I want to understand clearly. Does she pay on her life interest or does she have to pay on the full value of the estate?
>
> Mr. Abbott: She pays on her life interest in the estate, and in Quebec—I do not know about the dominion—it is based on her life expectancy.

Mr. ABBOTT: That is correct.

Mr. HAZEN: That is what it should be. It should be a life interest, based on the life expectancy.

Mr. ABBOTT: That is what would happen. A testator may provide this: "I leave my wife a life interest in the residue of my estate, and on her death to go to my children in such proportion as she may determine"—or even just "to my children". In that case the widow would be taxed only on her life interest, based on her life expectancy; and the duty would be assessed on the children who received the ownership of the residue on the death of their mother, in accordance with the rules applicable generally. That is exactly what would happen if a testator did not give to his wife a general power of appointment. In effect, it is almost surplusage to say it is giving her life interest, and it is giving her complete freedom to dispose of the property.

Mr. HAZEN: Well, as a matter of fact, is it? I do not think it is the same as giving her the estate outright, by any means. She cannot do as she likes with it. In a sense she is a trustee; she cannot go and spend the money. She only has the use of the income to that extent for her life.

Mr. ABBOTT: What is to prevent her using the proceeds herself? She has general

power of appointment, and she can do what she sees fit. Who can attack her, or who can attack her estate?

Mr. HAZEN: There is something in that, but—

Mr. ABBOTT: It is a form of giving her free disposition.

Mr. HAZEN: But why should there be a difference between a man who leaves a will saying, "I leave my estate to my wife, and then to my children", and the man who uses this other form, saying, "I leave my estate to my wife for life with power of appointment, and then, failing that, to my children." In the one case if the will says, "to my wife and then to my children" she pays only on the life interest. Then the children have to pay on the corpus of the estate. But in the other case she has to pay on the whole estate, and then the children have to pay on the whole estate. Then she may die only two or three years after the husband. I think that to some extent we are playing with words. If the first proposition is fair, that she should be taxed only on her life expectancy, then this is clearly wrong. I do not think they should go through this procedure.

Mr. ABBOTT: The real effect of the section is to prohibit, for succession duty purposes, a general power of appointment without restriction. The succession duty act says in effect: If you wish to make that kind of power, so far as taxation is concerned it is as though you had not appointed at all. That is the effect of the law at the present time. This amendment is simply to clarify what might be considered as a conflict between two sections. The law now provides that if a man makes a general power of appointment to a beneficiary, that is considered as constituting a disposition of the property, when the power is exercised.

Mr. HAZEN: There should be a qualifying section to protect widows in cases such as I have mentioned. As it stands, I can only say it is not fair or right. The parliamentary assistant says that a will should be drawn in a different way, to get around the difficulty. Well, many people have had their wills drawn for years. They do not know about this provision. When they die their widows will have to pay the full value of the estate, and a year or two later perhaps the children have to pay the full value.

Mr. ABBOTT: I am advised that that is the law in all the provinces of Canada.

Mr. HAZEN: That does not make it one bit better. It has been held by the courts that it is perfectly within the competence of any testator to protect himself against any injustices which it may be considered would flow from the provision respecting a general power of appointment, when permitted for purposes of succession duty.

Mr. BENCE: I wish to say a word on this matter. I note that this paragraph—I believe it is paragraph (d)—has been amended to provide that—

> Property taken under a gift whenever made of which actual and bona fide possession and enjoyment has not been assumed by the donee or by a trustee for the donee at least three years before the death of the deceased.

I have no quarrel with that position. But what I would like to know is this: Is there any exemption with respect to what might be called normal expenditures, or gifts normal in relation to the status of income of the man making the gifts? I have in mind, for example, the matter of a small disbursement, possibly the giving of $100 or $50. Suppose I give my child $10 to-day, and I die within another year; would that have to be revealed in my succession duty return and succession duty paid on it?

Mr. ABBOTT: There is a provision in the act which governs the case to which my hon. friend has referred. I will direct his attention to section 7, which says:

> 7. (1) From the dutiable value of any property included in a succession the following exemptions shall be deducted and no duty shall be leviable in respect thereof.

And paragraph (f) states:

> In respect of a gift made by the deceased where the same is proved to have been absolute and to have taken effect in the lifetime of the deceased, to have been part of his ordinary and normal expenditure, and to have been reasonable having regard to the amount of his income and the circumstances under which the gift was made.

Section agreed to.

Bill reported.

Mr. ABBOTT moved the third reading of the bill.

Mr. A. H. BENCE (Saskatoon City): Mr. Speaker, I just want to go back to the point I raised when this bill was in committee and I was ruled out of order. I pointed out at the resolution stage that the dominion succession duty office has to issue a certificate before the assets of an estate can be released to the person who represents it. Take the simple example of a life insurance policy. If a testator leaves to his widow a life insurance policy of say three thousand dollars, obviously it is not taxable for succession duty, but before the

necessary certificate is issued by the dominion succession duty office to permit the life insurance company to pay the money to the widow or the personal representative of the estate or to some beneficiary who is named direct, the department has to give to the personal representative of the estate a release, which he turns over to the insurance company and then obtains the money. Practically in every instance where the testator has not filed income tax returns during say the last three or four years prior to his death, the department says to the personal representative of the estate: You cannot have that money and that release until you satisfy us that the testator during those years had no taxable income. It may be that every proper method should be used to ensure that testators have complied with all the provisions of the income tax law, but the thing to which I object is that the government is using an indirect method of obtaining the filing of income tax returns. If income tax returns are not being filed as provided for under the law, the dominion government should bring in amendments to the income tax act. I submit that it is absolutely illegal to hold up the granting of the certificate, once it is determined that the estate is not taxable for succession duty, until the personal representative has complied with the provisions of the income tax act. If there is any provision in the Dominion Succession Duty Act or in any other act of this parliament which allows the succession duty office to follow this procedure I should be glad to be informed about it. In my view the administration should not do indirectly something that they can do directly.

I know that the parliamentary assistant said a short while ago when the bill was in committee: The estate has not been wound up yet and until all the debts have been satisfied, including income tax, the department could not issue the certificate. Before the Dominion Succession Duty Act was made the law of this country there was no similar means available to the administration for collecting income tax and there is no reason why now, just because this machinery has been set up, it should be used for the purpose of obtaining something that is owing to another department.

Mr. ABBOTT: Is my hon. friend speaking particularly of an estate where it is clear that no tax is payable, or including estates where the tax is payable?

Mr. BENCE: No, I was using that as an illustration to show how the succession duty act machinery was being used.

Mr. ABBOTT: His argument would have more force if he was speaking particularly of an estate where no tax was payable.

Mr. BENCE: I was taking as an illustration the small estates such as I run into in the province from which I come. In that province there are many thousands of people who have never had enough income in the last ten years to warrant the filing of income tax returns. The income tax branch knows that there are thousands of farmers in Saskatchewan who have not filed income tax returns because they have not sufficient income to be liable to the tax. I am not saying that the returns should not be filed. The fact remains that the widows know nothing about their late husband's affairs. They may have a little bit of insurance coming to them, and that is held up until the widow digs around and tries to obtain a lot of information with respect to her husband's farming operations in the last few years. Payment of the insurance is held up for some considerable time, and in some cases the widow needs that money badly. I suggest that the succession duty branch has not jurisdiction to hold up the granting of the release merely because the income tax branch insists on the filing of certain returns.

The parliamentary assistant a short time ago referred to cleaning up an estate. If his argument holds good, the whole estate should be held up until all the creditors have been taken care of.

Mr. ABBOTT: Until the amounts owing to the creditors are known.

Mr. BENCE: That is immediately known, because a list of the debts is usually filed at the time the succession duty papers are filed.

Mr. ABBOTT: An additional debt may be the income tax liability.

Mr. BENCE: That would only reduce the amount of the estate. It certainly would not otherwise affect the succession duty payable. I submit that if it is obvious that the estate is below the amount that is taxable for succession duty, no matter how much may be owing for income tax, the certificate should be granted.

Mr. ABBOTT: The hon. member's argument would have more force with respect to an estate not liable to succession duties than with regard to estates where duties are payable.

Mr. BENCE: I do not want to prolong the discussion. I merely want to register my protest against using this machinery to do something indirectly which, if the administration believes it should be done, can be done

directly by an amendment to the income tax act. I do not believe that this machinery should be used in the manner I have indicated.

Mr. D. F. McCUAIG (Simcoe North): Mr. Speaker, I think the department should be congratulated on their efforts to collect the income tax. The hon. member has referred to a case where the estate consisted of $3,000, but you could easily bring into the discussion a case where the estate was $50,000. If that man had never paid any income tax and the succession duty branch issued the release, the proceeds of the estate would be distributed without seeing that any income tax was paid, and there would be many cases where they would find later on that the testator should have paid income tax. In the meantime the money has been distributed and there would be no one to collect the income tax from. If there is nothing in the statutes at the present time to deal with cases of that kind, I feel that the department are justified in using this method, but I do suggest that if there is nothing in the statutes already to take care of that situation an amendment should be made to the act.

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

JUDGES ACT

AMENDMENT RESPECTING PENSION OR ANNUITY

Hon. L. S. ST. LAURENT (Minister of Justice) moved the second reading of bill No. 165, to amend the Judges Act (annuities).

Motion agreed to, bill read the second time, considered in committee, and reported.

Mr. ST. LAURENT moved the third reading of the bill.

Mr. T. L. CHURCH (Broadview): May I ask the minister if this is all the legislation that will be brought down this session having to do with judges?

Mr. ST. LAURENT: No other legislation is contemplated at this session dealing with the Judges Act.

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

CIVIL SERVICE SUPERANNUATION

EXTENSION OF OPERATION OF ACT—FURTHER PROVISIONS AS TO CONTRIBUTIONS, ETC.

Hon. L. S. ST. LAURENT (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to amend the Civil Service Superannuation Act and to provide for the extension of the operation of the said act to certain persons in the public service not

[Mr. Bence.]

presently included therein and to make such further provisions respecting contributions, allowances and benefits as may be deemed necessary for the said purpose and for the better operation or administration of the said act.

Mr. S. H. KNOWLES: (Winnipeg North Centre): My reason for speaking on this measure at the resolution stage arises out of my concern that the bill should cover certain classes of employees in the public service. I have not yet, of course, seen the bill, and I do not know how far it goes. In many instances we find it desirable to agree to a resolution without much discussion and to delay comment until the bill comes down, but in this instance I feel it is desirable to make a few comments now, in the hope that if the people I am concerned about are not included in the bill the government will have the opportunity to include them before the bill is introduced. In other words, it is quite satisfactory to me if when the bill comes down these people are covered and the government is in a position to take the credit unto itself. I am not worried about that, but I am concerned about certain classes of employees in the public service.

The first group about which I wish to speak is those who are employed at the printing bureau, especially those of the printing and mechanical trades. Up to the present time they have not been included in the terms of the Civil Service Superannuation Act. Nevertheless amongst the employees at the printing bureau are a considerable number who have been there a very long time. I have figures as to the length of service of the employees of the printing bureau as at December 1, 1942; and I find that at that time there were in the printing and mechanical departments of the bureau 384 employees. Of these, 60 had a service of five years or under, 128 had service between five and twenty years, 131 had service between twenty and thirty years, and 65 had service between thirty and fifty years. Yet despite those long records of service these employees, because they are paid on a weekly rate rather than at an annual rate, have been excluded from the benefits of the Civil Service Superannuation Act.

On August 21 of last year these employees presented a brief to the Secretary of State (Mr. McLarty), the minister charged with the administration of the department in which they are employed, wherein they set out their case and asked for an interview with the Secretary of State. There are some portions of their brief which I feel should be drawn to the attention of the administration. They

indicated that these employees fall into two groups as far as these representations are concerned:

(a) Employees of the printing trades. These employees hold positions on the regular establishment of the department as authorized by the civil service commission and who have been appointed thereto under the provisions of the Civil Service Act, and whose rates of pay are determined under section 16 of chapter 152, R.S.C. 1927 (Public Printing and Stationery Act), and afterwards confirmed by order in council;

(b) Employees of the mechanical trades. These employees occupy positions which are exempt from the provisions of the Civil Service Act. The positions are authorized by treasury board following a recommendation of the civil service commission. Appointments thereto are made by the minister, and the continuation of positions and employment are authorized by the treasury board from year to year.

The employees at that point went on in their brief to set out their reasonable desire to provide themselves with a measure of security against the hazards of death and premature displacement, in a manner similar to that provided to other employees in the public service. They dealt with some of the technical difficulties which they had been told stood in the way, and urged as strongly as they could that consideration be given to their case. They concluded their brief with a request for an interview with the Secretary of State. Their brief was signed on behalf of the employees by G. V. Armstrong, president, and J. T. Clancey, secretary; the name of the organization is the Department of Public Printing and Stationery Welfare Association.

A short time after that, on September 8, 1943, a committee of that association was granted an interview with the Secretary of State to discuss this brief to which I have referred. Following that interview the matter was referred to the treasury board by the Secretary of State for its consideration. Later on the association was asked to have representatives appear before Mr. W. C. Ronson for an interview, and on November 2, 1943, and as a result of this meeting with Mr. Ronson, a memorandum was submitted to Mr. Edmond Cloutier, the King's Printer. I should like to give the text of this memorandum. It is dated November 15, 1943, and is addressed to the King's Printer:

Dear Sir:

re Superannuation

In connection with the above subject concerning the employees in the printing and mechanical trades of the government printing bureau, and as a result of the suggestion by Mr. W. C. Ronson, assistant deputy minister of finance, at our joint conference on Tuesday, November 2, 1943, we are submitting the following for your consideration.

1. That a separate scheme of superannuation be established for this class of employee to include employees of both the printing and mechanical trades who are in positions of continuing indeterminate duration and on the basic staff.

2. That all conditions with respect to wages, overtime and hours of work to remain as at present.

3. That for the purposes of contributions an annual salary be established on the basis of the weekly basic rate multiplied by 52.

The employees feel this to be one of the important hurdles to be got over, and their proposal is a quite simple one, namely, that their weekly rate be treated as an annual rate by the simple process of multiplying it by 52.

4. That employees of three years' service who, though not on the basic staff, are considered to be in positions of a continuing indeterminate duration, be considered eligible for superannuation.

5. That the age for retirement be set at 60 for males and 55 for females with the privilege of extensions to the age of 65 years according to the provisions of section 10 of the Civil Service Superannuation Act.

6. That contributions, benefits and other terms of retirement to be similar to those of the present Civil Service Superannuation Act (chapter 24, R.S.C., 1927).

Trusting this will receive your favourable consideration,

Respectfully yours,
G. V. Armstrong, President.
J. T. Clancey, Secretary.

The printing and mechanical employees of the bureau do not know yet just how matters stand. I have a particular interest in their case because I happen to be a member of the trade union of which a great many of the employees in the printing bureau are also members. Their hope is that as a result of their interview with the Secretary of State, as a result of their interview with Mr. Ronson, and as a result of the further representations they have made in this matter, the bill which is to be introduced on the basis of this resolution will meet their views.

I repeat, Mr. Speaker, that no technicality should stand in the way of men and women, with the length of service that these employees have, being treated similarly to other employees in the public service. We in this House of Commons ought to be interested in these people. They play a very important part in the life of parliament. Sometimes, as a popular indoor sport, we blame the printer for things that appear which a member thinks are not exactly as he said them. But speaking as a printer, I say, "We can take it." As a matter of fact, considering the pressure under which the bureau has to work, considering the short space of time in which we expect *Hansard* and other printed material

to appear, I feel that the employees over there do a very good job. I say that despite the fact that once in a while I have been the victim of a typographical error. That is really nothing to worry about, and I want to pay this tribute to the work of my printing colleagues.

While paying that tribute I might take a moment to pay another tribute and that is to our friends the *Hansard* reporters. It is sometimes another popular indoor sport to blame them for getting down incorrectly some of the things hon. members say. But there too I feel, especially in the light of the cross-fire we have sometimes in this house, that they do an awfully good job in getting it down as well as they do, and I hope that if on occasion we make corrections in what they take down they will know that really we appreciate the high quality of their work.

Now I think I will leave the case of the printers at that. I hope it will be covered in the bill when it comes down. If these employees are not included in the bill as it is now drafted, I hope the government will delay it a day or two to make sure that a piece of injustice that has been perpetrated on these employees will be corrected at this time.

Just one other sentence about the case of the printing employees. I will quote section 6 of their brief of August 21, 1943:

> 6. We are quite willing to accept the terms of the act, including the obligation to contribute six per centum of our wages to the fund.

There are certain other groups that should be included in this bill as well. Perhaps they are already there. If so, that is fine; but if they are not there, one has to speak now in order to have one's representations considered. This time I appeal on behalf of a large number of railway mail clerks. I understand that several hundreds—I believe as a matter of fact they run to four thousand across the country—of the railway mail clerks are still under the retirement act of 1896, and their desire is to be transferred to the superannuation act of 1924. I am told that these employees some years ago were given the opportunity to transfer to this other act but rejected it, and it is has been said to them that, having rejected it, it is their own fault and they should not now complain. But they point out that after they rejected the offer to transfer to the superannuation act of 1924 certain things were done in connection with the funds under the retirement act of 1896, and the most striking thing that was done, I am told, was the reduction of the interest rate from five per cent to four per cent, which was effected about 1932 or 1933. That change has had the effect of reducing the value of the pensions that these employees can draw under that fund, and they tell me that they have not had an opportunity to transfer to the other fund since that very striking change was made in 1932 or 1933. These employees have made strong but very reasonable representations, and I imagine from the wording of one communication I received some time ago that all the Manitoba members of this house received the document I have. They have also made their appeal to the government. On their behalf I wrote on two occasions to the Minister of Finance and on the second occasion I received a fairly hopeful letter dated April 26 of this year:

> Dear Mr. Knowles:
>
> I wish to acknowledge your letter of April 21 with further reference to the question of superannuation for the Winnipeg railway mail clerks association.
>
> You will remember that the Prime Minister announced in the house a day or two ago that the Civil Service Superannuation Act would form part of the legislation still to be brought before the House of Commons. When this act is being reviewed, your representations will be given careful consideration.
>
> Yours very truly,
>
> J. L. Ilsley.

I earnestly hope that my representations were given consideration. I hope that the bill in the form in which it has been drafted includes the granting of this request. If so, that is fine and my speech at this moment is unnecessary; but if it is not in the bill, my reason for speaking now is to urge the government to give further consideration to this request with a view to meeting it when the bill based upon this resolution is brought down.

Not only are there the classes of public servants to which I have already referred, but in a good many departments of government we have people who have been working for many years and yet technically are so identified that they do not come under the Civil Service Superannuation Act. For example, I hold in my hand a brief written on behalf of employees of the Deer Lodge hospital, which comes under the administration of the Minister of Pensions and National Health (Mr. Mackenzie). There are some other matters in this brief that I shall bring to his attention when his estimates are before the house, but at this moment I refer only to this fact. This brief refers to other employees as well, but in particular to the so-called temporary permanents. Employees of that class, no matter how many years they may be working for the government, are denied entry into the Civil Service Superannuation Act. It seems to me it

is possible under the terms of the resolution we are discussing for the government to put provisions in the bill to take care of some of these people.

Another group of people who feel that they are dealt with unfairly, under present conditions, if I understand them correctly, are the employees who transfer from one classification to another. They find that although both positions are classified as permanent in the Civil Service Act, they are required to resign from their first position and are subsequently reappointed as temporary employees in the new positions. When that happens, the employee who formerly was permanent and had certain benefits, such as pension rights, finds that he loses all the benefits of permanency that he previously enjoyed, even though he may have had many years of continuous satisfactory service. In other words, an employee frequently must choose between remaining in a position of a lower grade at a lower salary with pension rights or taking the better position which he is capable of filling, but in doing so losing all of his rights of permanency, including his pension benefits. I hope that there are provisions in the bill which will meet that situation. As I have said several times already, if they are not there I plead with the government to redraft the bill before it is introduced in the house.

When the estimates of the Department of Public Works were before the committee the other day I had occasion to make representations on behalf of women doing char work in public buildings. I now wish to say a word on behalf of the men doing char work in this building. Many of them have been here for many years, but for some technical reason they are not treated as permanent employees; at least they are not included in the provisions of the Civil Service Superannuation Act. Some of those men have been here five, eight, nine years, some longer. Some of them who have been here longer than nine years had the interesting experience of being dismissed in 1935 after the election and then being rehired after a fuss was made over their dismissal. But they are still temporary employees. Amongst other benefits that are denied them, they do not come within the terms of any superannuation or pension fund provided by the government. There are other employees of the government in this building who are in the same box, the messenger staff and others employed in the service of the House of Commons.

We are hearing much these days that sounds very good to our ears about the rights of persons over property, about the new concept of social security. We listened to an interesting and fighting speech by the Prime Minister yesterday about the new order which he desires to help fashion. I suggest that one place to start fashioning the new order with its concept of social security is right on our own doorstep. I suggest that we should not have a number of groups of people working for the government itself who are discriminated against, as is the case with some of those people I have mentioned. Therefore, Mr. Speaker, I hope that when this bill comes down it will look as though this speech of mine did not need to be made. But I express in the meantime a wish that if any of the groups I have referred to are not covered in the terms of the bill, or indeed if there are other government employees whose situations are similar, the government will redraft the bill and really put into effect some of the ideas that it is now proclaiming about the new order, about social security, about the responsibility of employers to their employees, and about the rights of people to enjoy freedom from want and freedom from fear.

Mr. N. J. M. LOCKHART (Lincoln): I wish to associate myself with what has been said by the previous speaker (Mr. Knowles). I hope that when the bill is introduced it will contain some provision to take care of large groups of civil servants who were favourably reported on two years ago by a special committee. I refer to those who have been paying into retirement funds over a long period of years. In certain instances some individuals have been picked out and consideration has been given to them.

The previous speaker has fully covered the situation. We could go on and elaborate on other groups, but I wish to mention particularly that group who for a long period of years, because of misunderstanding, failed to elect to be included under superannuation benefits. Some years ago they sought to have a last opportunity to elect. I do feel that that class should be given another opportunity to elect. I hope that the bill will include those groups so that the matter can be fairly and finally settled and we shall not have a recurrence of this discussion from time to time.

Hon. L. S. ST. LAURENT (Minister of Justice): I should like to say a word so there will be no misunderstanding about this measure. I can assure hon. members that the representations to which they have seen fit to give publicity in this house to-day have long been before the government for consideration. There would hardly be any occasion for bringing in a bill at all if it were not to deal with the representations that had been made.

The general purposes of this bill are, first of all, to allow any person who previously at any time was given the right to come under the superannuation act during a certain period to have another period of one year from October 1 to exercise his option. That will apply to some thirty-five hundred persons who are still members of the retirement fund, which really was not a pension scheme but a compulsory savings scheme, whereby the members thereof got back with interest the amount of the deductions from their pay during their period of service. There are, as I say, still about thirty-five hundred persons who for some reason or other did not choose to come under the superannuation act at the time it was passed, though they were given the opportunity for first of all a period of two years, and then one additional year, to exercise the option to do so. A further period of one year from October 1, 1944 is to be allowed them to exercise the option now. The bill will also provide for the cases of contributors who had service prior to the time they became contributors and would have had the option of taking credit for such period of service. Each had a period of three months during which upon becoming a contributor he could elect to bring in the period of service he had before that time. Of course, he would have to make the proper contribution. He is to be given a further period of one year from October 1, 1944, to elect as to whether or not he wants to have the benefit of the period prior to the time he became a contributor.

The third major provision is to take care of those who could not become contributors to the superannuation fund because they were not permanent employees with a stated annual salary, those who are generally called prevailing rates employees. There is a fourth group of sections which provide for certain increases in the benefits. First of all, there is the right to the return of the aggregate contributions without interest on retirement at any time. Formerly one had to be ten years in the service to be entitled to a return of the contributions made if he left the service.

When a pension becomes payable to dependents under the terms of the act and runs out before the aggregate of the total contributions have been paid as a pension, the pension will be continued until it has equalled the contributions made by the former public servant. If there are no dependents of a public servant a minimum return will be made to his estate of an amount equal to the contribution he has made to the fund.

Provision is being made for the dropping of what was called the forfeiture clause for dismissal for misconduct or, what was regarded as misconduct, for political partisanship. Other punitive action may have to be taken in regard to the misconduct of a public servant, but it will be in some other form than the confiscation of his contributions to the pension fund.

A large number of recommendations were made by the special committee which sat in 1939. Immediately following the report of that special committee an order in council was passed implementing certain of the recommendations. Chapter 27 of the statutes of 1940 gave statutory effect to the order in council. The present bill consists of a consolidation of the provisions of that order in council, which was not very clearly drawn in the first instance. The other part of the bill will implement the main recommendations of the committee of 1939. I feel confident that when the bill—which is a lengthy one, and may appear rather complicated because it deals with many amendments to the existing act necessary for concordance—is before hon. members they will find that careful and sympathetic consideration has been given to the representations made, not only by the group referred to by the hon. member for Winnipeg North Centre but by the various organizations of civil servants who on more than one occasion conferred with the special committee of the cabinet in respect to their grievances.

Mr. NEILL: The statement of explanation given by the minister will be satisfactory to all in the civil service. As far as I can recall it he has covered the ground in every respect. He made mention that the benefits of the fund will apply to those now under the prevailing rates jurisdiction. That has been a sore point for many years. I presume there will be some restriction in that regard because I can hardly think it will be made applicable to those people who are really temporary in the fullest sense of the word.

Mr. ST. LAURENT: The provisions of the bill will be subject to discussion when it is before the house. Power is given to the treasury board to establish by regulation classes of those who were formerly not qualified to be included under the Superannuation Act in order that they may be included.

Mr. NEILL: I am gratified to know that other changes are being made, particularly the one abandoning the requirement of ten years service before the contributions would be returned in case a civil servant left the service. I believe the only exception to this rule was the woman who got married. Perhaps I could direct a question to the minister at the moment, although it may be out of order. I

understood him to say that all civil servants who had the option of coming under the fund in 1924 and did not do so, can elect to do so now. Any civil servant who elected to come in had to make the back contributions. He was charged a certain rate of interest at that time, I believe four per cent. Later on the rate was increased to, I think, five per cent. I should like to know if a man who elects to come in now will be charged the original rate of interest set in 1924 or will he have to pay for the whole period at the higher rate which was set later on? I suggest that it would be proper to limit the payment of the higher rate to the later years and that he should be permitted to pay for the period prior to 1924 at the rate which was then fixed. It is quite proper that he should pay the higher rate for the last few years.

Mr. SPEAKER: That question could be asked in committee.

Mr. NEILL: I wanted to have it all together on the record.

Mr. SPEAKER: The minister can take that as a notice.

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

Mr. NEILL: May I now ask the question which I was prohibited from asking one and a half minutes ago?

Mr. ST. LAURENT: I am sorry but I have not given special consideration to the question asked by the hon. member. All I can say is that the bill was drawn in a general way in an attempt to meet all reasonable representations that had been made in that regard. I hope that when it is before the committee it will provide a satisfactory answer to the hon. member's question.

Mr. KNOWLES: I was quite interested in the remarks made by the minister while Mr. Speaker was still in the chair. They covered many of the points I raised. However, he did not say anything about the employees of the House of Commons, the char staff and the messenger staff. While I am mentioning employees of the House of Commons, I might also mention the stenographers who work for the members. Many of these have been here for quite some time, yet despite their years of faithful service they have none of the benefits of permanency, such as superannuation. Would the minister make any further comment in respect of these matters?

Mr. ST. LAURENT: I am afraid the hon. member will have to be content to wait until the bill comes down. There has been no attempt here to make every Canadian citizen a member of the superannuation fund. There has been an attempt to meet all the reasonable representations made by the personnel of the civil service.

Mr. KNOWLES: I suggest that the crack made by the minister does not come with very good grace after the speeches made yesterday by the Prime Minister and by the Minister of Justice, in which they were trying to establish themselves as protagonists of social security and the responsibility of employers to the people who work for them.

Mr. GILLIS: When the bill comes in, will it be confined to the superannuation act, and to the inclusion of those who for pension purposes have been endeavouring to come within its scope? The question I have in mind is one which has been discussed since 1941. One section of the Civil Service Act defines specifically the word "dependent", and excludes some, including stepmothers. I have in mind the stepmother of a deceased contributor entitled to pension, who has been corresponding with the department since 1941 in an endeavour to secure what I think is legally a part of the estate of the deceased. But because she is the stepmother she does not come within the terms of the section. Is there any intention on the part of the government to change that section in the act to include stepmothers or other dependents? There has been considerable correspondence on the point.

Mr. CASTLEDEN: When will the bill be distributed?

Mr. ST. LAURENT: Immediately after first reading. It is now in galley form, and the final printing requires only the date of first reading to make it available for distribution.

Resolution reported, read the second time and concurred in. Mr. St. Laurent thereupon moved for leave to introduce bill No. 171, to amend the Civil Service Superannuation Act.

Motion agreed to and bill read the first time.

SUPPLY

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

DEPARTMENT OF TRADE AND COMMERCE

357. National research council, salaries and other expenses of the national research council, $920,529.

Mr. GREEN: I understand the minister has received a brief from the British Columbia industrial and scientific research council in

which they ask for a grant to aid in their work. In their brief they point out that in the course of an address to the Canadian chemical conference on June 7, 1944, the president of the national research council made this statement:

> We must have in Canada sufficient laboratory facilities to deal with every demand, and that is not now the case. The present council is not in favour of a policy of centralization of all such facilities. It is felt that laboratories to serve particular regional needs should be located in the regions concerned.

Apparently provision has been made for the establishment of what is known as the prairie regional committee of the national research council. A sum to help that organization is included in this year's estimates. This brief requests that similar assistance be given to the British Columbia industrial and scientific research council. On this council are representatives of the dominion government. There is one representative from the federal Department of Mines and Resources, one from the Department of Fisheries and one from the national research council. What is the attitude of the government toward this request for assistance in connection with the work of the British Columbia industrial and scientific research council?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Chairman, I have not before me the letter or the memorandum attached to the letter received from the Hon. Mr. Carson, the Minister of Trade and Industry of British Columbia. However, I dealt with the matter this morning by saying all I could say at the moment, namely that I had called a meeting of the privy council committee on industrial and scientific research. That meeting will be held next Tuesday, and the matter will be considered.

Mr. GREEN: Is it a fact that the policy of the national research council is against centralization and rather in favour of building up research facilities in different parts of Canada?

Mr. MacKINNON (Edmonton West): I do not think that I would say the policy of the national research council is opposed to centralization. I can say however that it is in favour of broadening the present arrangement. The next item in the estimates is proof of that suggestion, because in that item we ask for funds to establish a branch of research work in one of the three western provinces. I believe it would be correct to say it is important that the national research council keep in close touch with any research work in Canada, wherever it may be done, so as to avoid duplication.

[Mr. Green.]

Mr. BENCE: The minister has referred to the next item, the purpose of which, I suggest, is not obvious. May I at this point, however, make some brief observations in connection with item 357, and what I shall now say might be taken as covering both items. It is clear to most hon. members that the vote now before the committee is one of the most important. I believe all can agree that the work done by scientific research in the last number of years has been of inestimable value to Canada.

When we think of the millions of dollars that have been saved by our scientists in the improvement of our crops, for example, through the eradication of many diseases which used to afflict them, it will be agreed that this amount of money and even a great deal more could very well be spent to improve the general welfare of the people of Canada. I suggest, following the lead given by the minister a few minutes ago, that in view of the peculiar conditions existing in western Canada and the great amount of work which has to be done in the prairie provinces in connection with the crops, the recommendations which have been made to the administration should be immediately accepted and an extensive laboratory set up in the prairie provinces. I suggest that the best location would be in the city of Saskatoon, from which I come. It is in the very centre of the prairie provinces, it is a university city, and one from which a great many of our leading scientists have come.

Mr. GRAYDON: And a good member of parliament.

Mr. BENCE: When the government was seeking to replace General McNaughton as head of the research council it was to the city of Saskatoon and the Saskatoon university they went to pick an able administrator and eminent scientist in the person of Mr. C. J. Mackenzie. That indicates the calibre of the men that we have in that part of the country, and men who are well versed in the types of problems with which we are confronted in the prairie provinces. I suggest, therefore, that the government consider setting up an extensive type of laboratory in that part of the country to deal with the problems which face the people of the prairie provinces, who in the last few years have become more and more conscious of the fact that if we are ever to develop a diversified economy it can be done only through the utilization of the various kinds of crops that are produced in the prairie provinces along lines which probably we have not heretofore

followed. I therefore strongly recommend the establishment of such a laboratory in Saskatoon.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. KNOWLES: I hope the minister will say something in reply to the comments which I made, I believe yesterday, when this item was before the committee. I pointed out at that time that I felt that not sufficient funds had been provided to make it possible for the scientists of the national research council to do all the research and other work which they should be doing, and of which they are eminently capable. I want to take a moment to pay as high a tribute as one possibly can to what some of our scientists have done at that institution, particularly during the course of the war. The minister knows, as do other hon. members, that a number of inventions which have aided materially in the conduct of the war, and particularly in the saving of life, have grown out of research at this institution.

Another matter which has been brought to my attention about the research council is that there has been considerable uncertainty as to the status of the men there with respect to military call-ups. I can appreciate the difficulty in this connection. I think all of us must appreciate the embarrassing position in which the men find themselves, for even when higher-placed officials make it known to them that they are doing an important job and should stay with it, there is the pressure of their own feelings in the matter and their desire to be with their colleagues and college classmates in the front line, which results in many of these men leaving their posts with the council to go on what is known as active service. I suggest that some more definite effort should be made to convince these men that they are on active service in the work they are doing at the research council and should be encouraged to carry on with it.

During the debate on the budget resolutions something was said about the importance of encouraging research work throughout Canada by private corporations. I believe the government should be doing all it can on its own initiative to encourage research work. This is a matter upon which I should like to hear from the minister. I hope he will have some announcement to make as to plans for enlarging the work of the council and for providing better salaries so that we may attract into this work many of the brilliant young men who are coming out of our universities.

Mr. GRAYDON: The hon. member for Winnipeg North Centre speaks of the difficulties, of which he apparently has some knowledge, with respect to enlistments from the staff of the national research council. He speaks about some persuasion being used to show them that their duty lies in civilian activities. May I observe that this condition can hardly be laid at the doorstep of the minister who is now attempting to get his estimates through; rather it is a product of the man-power plan which this country has been following, as I believe mistakenly, through these years.

Will the minister state whether there is a permanent head of the national research council, or whether the position is now temporary?

Mr. MacKINNON (Edmonton West): Dealing first with the remarks of the leader of the opposition, the president of the national research council is General McNaughton. As we all know he is not acting at the present time; the acting president is Dean Mackenzie.

I have given some consideration to the remarks made yesterday by the hon. member for Winnipeg North Centre; and I would state, briefly, that the national research council has always recognized the need for maintaining a proper balance between fundamental research, or pure research as it is sometimes called, and applied research.

On many occasions attention has been called to the importance of maintaining this balance by members of the national research council, when questions of policy and programmes were under consideration. It has been emphasized that practical, or applied research, is based upon and dependent upon the fundamental knowledge acquired through pure research, and that a national research programme must provide for both fundamental and applied research in proper balance.

In the past some fundamental research has been carried on by the national research council in its own laboratories; but a still larger volume of such work has been sponsored and stimulated by the council through grants in aid of research, awarded to members of staffs of Canadian universities, qualified to conduct scientific research and having laboratory facilities at their disposal. Such grants are not restricted to fundamental research projects, but most of the work carried on under them has been of that type. Such grants not only stimulate the acquiring of fundamental knowl-

edge, but assist in the post-graduate training of young scientists in research methods, and also assist in the development of post-graduate instructions in scientific research.

During the abnormal conditions imposed by war, with need for the solution of practical problems confronting the armed services and other war establishments, it has been necessary for the national research council to direct most of its activities to applied research, but it is the definite policy of the council, as soon as circumstances permit, to restore a reasonable balance in its research programme as between fundamental and applied research.

Some remarks were made yesterday and, I believe, this morning regarding the necessity of increased expenditures on research. In this connection I wish to put on record a brief table showing the estimated expenditures on research in four countries, and comprising the latest figures we have been able to secure, even in an approximate way:

Country	Date	Annual expenditure in millions	Expenditure per capita	Expenditure as per cent of annual income
Russia	1934	300 to 500	$1.82 to $3	·8% to 1%
United States	1935	300	2.40	·5% to ·6%
Great Britain	1934	30	.70	·15%
Canada	1938	2·4 to 3·3	.22 to .29	·06% to ·08%

Mr. HANSON (York-Sunbury): The Canadian figures cover all research in Canada?

Mr. MacKINNON (Edmonton West): That is all research.

Mr. HANSON (York-Sunbury): Private and national?

Mr. MacKINNON (Edmonton West): Yes.

Mr. HANSON (York-Sunbury): Our expenditure is pretty low.

Mr. MacKINNON (Edmonton West): Very low—that is why I am putting this table on the record.

Mr. GRAYDON: May I follow up the question I propounded a few minutes ago with respect to the presidency of the national research council? One hears on many sides the question whether or not the government is going to return General McNaughton to "active service" with the national research council. I think the public and the house ought to be made aware as early as possible of the government's policy in that respect. Most people in Canada will want to see a great warrior such as General McNaughton occupy the very important post for which in the past he has shown himself to be eminently qualified and in which he made a great reputation for himself. Can the minister make a statement in that regard?

Mr. MacKINNON (Edmonton West): I am not in a position to make an announcement on that matter at the present time. I do not believe it has been discussed, certainly not by me, and I am sure the leader of the opposition does not want the suggestion to go abroad that General McNaughton is anxious to be back at the national research council and that the government is not willing to have him back.

Mr. HANSON (York-Sunbury): That is not the point at all.

Mr. BENCE: This morning, among other things, I pointed out what I believed to be the advantages in the establishment of a western research laboratory in Saskatoon. Would the minister care to make a comment in that connection?

Mr. MacKINNON (Edmonton West): I shall be glad to do so when my estimates are resumed. In the meantime I move that the committee rise and report progress.

Progress reported.

FAMILY ALLOWANCES

PROVISION FOR PAYMENTS IN RESPECT OF CHILDREN UNDER SIXTEEN

The house resumed, from Tuesday, July 25, consideration of the motion of Mr. Mackenzie King for the second reading of bill No. 161, to provide for family allowances.

Mr. BROOKE CLAXTON (St. Lawrence-St. George): Mr. Speaker, there is no need to stress the importance of the family allowance bill to members of this house or to the people of Canada. This bill has been put forward by the government as part of the comprehensive scheme of social legislation forecast in the speech from the throne. The bill has already been supported not only by members of the government and by members of this house who support the government, but it has

also been generously supported by the leader of the Cooperative Commonwealth Federation party in the house (Mr. Coldwell) and also by the member for Charlevoix-Saguenay (Mr. Dorion). Their reservations on points of detail can be dealt with better in committee, but perhaps I may have a word or two later to say about some of them in the course of my remarks.

Only the Progressive Conservative party has so far opposed this measure in this house or throughout the country, and I venture to say that like the Conservative press, some of which has been critical of the measure in some respects or in totality, the opposition of the Progressive Conservative party as voiced yesterday by the leader of the opposition (Mr. Graydon) and by the hon. member for Parkdale (Mr. Bruce) is based not only on failure to understand the measure but as well on the failure to realize its importance as the greatest single means to meet a fundamental need of our people in these changed and changing times. The speeches of the leader of the opposition and of the hon. member for Parkdale are important, but important only for the reason that they show to all the people of Canada how fundamental is the difference in outlook towards the social and the humanitarian questions with which the people of Canada are concerned as between those hon. gentlemen and the Liberal party and this government.

Mr. GRAYDON: You have no monopoly on that.

Mr. CLAXTON: We have no monopoly on anything. When the leader of the opposition and the hon. member for Parkdale voice views such as they voiced yesterday, I am entitled to say that they mark a fundamental cleavage between themselves and this party, and that cleavage will be recognized more and more by the people of Canada as the days go by.

But I believe that the house and the people of Canada are far less interested in the views of members of the opposition, as voiced yesterday, than they are in the merits of this proposal, and they want to consider this measure on its merits. They want to see what it is, they want to see what it will do, and they want to see how it will work; and I shall try in my remarks this afternoon to deal in some measure with these three questions.

It is generally recognized, not only in this country but in other countries as well, that Canada has led the world in the economic and financial conduct of its war effort and in the equitable distribution of the costs of the war. With family allowances as proposed in this bill, Canada again leads the world. Canada leads the world in making adequate provision for her greatest single asset, the three and a half million children of our country.

The proposal itself is that a parent maintaining a child resident in Canada, within the definition of the act, shall each month receive, whether in Nova Scotia or British Columbia, or in any other part of Canada, $5 for each child less than six years of age; $6 for each child between the ages of 6 and 9; $7 for children of 10 to 12; and $8 for children from 13 to 15; less $1 for the fifth child, $2 for the sixth and seventh, and $3 for each additional child. At this moment I wish to correct an impression which the hon. member for Charlevoix-Saguenay left, that in the consideration of the number of children for the purpose of reduction according to the act we would consider children over the age of sixteen. If the hon. member will look at the definition of "child" in section 2 (a) of the bill he will find that a child is defined as a person less than sixteen years of age, so that adequately clears up any misunderstanding he may have on that point.

I ask hon. members, all of whom have as great an experience of the way in which our people in Canada live as any other group in this country, to think of how great a difference this will make in the lives of the individual citizens and children of this country.

This measure should be supported by everyone as a great social and humanitarian measure. The well-being of the individual is the supreme end of society, and the place to start is with the children. Many of us in this house have at one time or another talked about the great future that Canada will have. The place to start in making that future great is with the children of this country, with their nutrition, their health, their welfare and their education. Under this bill there will be paid each month to each parent a sum of money earmarked to meet the urgent needs of the children of our country.

This bill should also be supported as a great democratic measure because it endeavours to create a greater equality of opportunity for all the children of Canada. It is a great Canadian measure because it treats all Canadians from end to end of the country absolutely alike. The leader of the opposition, in his speech as appears at page 5343 of the daily edition of *Hansard*, said among his objections to the measure, and I quote:

> It denies the basic principles of social justice.

What reason did he give? He said he objected to this measure because it treats all people alike. Well, I say that is one of the most extraordinary statements ever to be made in a democratic house by a democratic

leader. He opposes this measure because it treats all people alike. I glory in its treating all people alike. The leader of the opposition and the hon. member for Parkdale and the Conservative press, before they even saw the measure, referred by innuendo or expressly to the fact that one part of Canada might be favoured by this measure more than another part. I deny that expressly. This measure treats all the citizens of Canada alike.

Mr. FRASER (Peterborough West): Only one voice in the wilderness.

Mr. CLAXTON: There are a lot of others, and there will be a lot more.

Mr. GRAYDON: You disregard entirely the question of need.

Mr. CLAXTON: Not at all.

Mr. GRAYDON: That is why you take that position.

Mr. CLAXTON: The need of all Canadians is the same.

Mr. GRAYDON: You do not do that in other things.

Mr. CLAXTON: The hon. member for Compton (Mr. Blanchette) quoted a passage from an editorial presumably by B. K. Sandwell, the editor of *Saturday Night*. The editorial appeared on July 8. I shall not take up the time of the house to quote it again, but I do say that it should command the attention of every Canadian who calls himself a Canadian. It is under the head "All are Canadians", and so they are.

The census returns of 1941 are not yet analysed on the basis of numbers of children and the size of families in the different provinces of Canada; but I should like to give another answer to the hon. members opposite and those throughout the country who raise this question—I do not. From such examination as I have been able to make, it is clear that the difference between what any group of people in Canada will receive from what any other group in Canada will receive under this measure is very much less than they seem to suppose. Prince Edward Island, New Brunswick and Quebec, because they have slightly larger families, may receive more per family.

Mr. FRASER (Peterborough West): Why the "slightly"?

Mr. CLAXTON: Because it is true if you look at the figures. But the people of Ontario and British Columbia will receive more per child because of the fact that they do not come in for the reduction which has met a good deal of opposition in Quebec. In other words, this measure has been designed to meet as scientifically as it could be done the problem of giving equal treatment to all the people of Canada, and in that sense I say that it is a great Canadian measure.

But it is also a great economic measure. The primary justification for family allowances may be on humanitarian or social grounds, but the economic implications are also extremely important. From this point of view family allowances can be regarded as a means of increasing and stabilizing employment and form a substantial part of any adequate or well-balanced programme for maintaining adequate employment after the war.

Most people would now consider that government expenditure on public works, resources conservation and so forth, would be justified where necessary to prevent mass unemployment; it is easy to see how government expenditure of this type provides employment directly on the projects themselves, and indirectly among those who supply whatever materials are necessary for carrying out the projects. But family allowances increase the buying power of those groups who not only need that money but who are most certain to use it immediately. Just as with public works, there will be an increased demand for goods and services, but in this case employment will be provided, not in producing directly for the government but in producing things which the people with low incomes and large families want—more and better food and clothing and more adequate housing. In the short run, therefore, family allowances represent a method of creating employment which is just as effective as public investment expenditure. I will go farther; in some respects family allowances are better than public investment expenditure. In the first place, they are continuous and non-seasonal. They go all the year round. In the second place, they spread consuming power over a larger range of occupations, and in the third place, they stimulate private enterprise by providing steady markets for output.

There is also a parallel in their long-run effect. Public investment, if it is wisely planned and efficiently executed, will add to the nation's productive capital equipment. Family allowances will raise the quality of our people. They represent an investment in the working forces of to-morrow that is even more certain to pay dividends than investment in plant, equipment or national resources. In the period of rapid technological change which we now face, the obsolescence

factor in respect of any kind of material capital may be rapid; a healthy, intelligent, adaptable working force is the only asset which a country may have which will never be outmoded by technical progress.

I ask hon. members to consider how much the investment of the nation will be in each child under this proposal. If we take a child at birth, beginning with the first of July 1945, for six years his parents will receive $5 a month, $60 a year, a total of $360. For four years his parents will receive $6 a month, $72 a year, a total of $288. For three years his parents will receive $7 a month, $84 a year, a total of $252. For three years his parents will receive $8 a month, $96 a year, a total of $288. That makes a grand total of $1,188. I do not want to make invidious comparisons, and I do not wish to be misunderstood in this analogy. I make it only for the purpose of illustration. But I do ask hon. members to compare the value that the nation, the family and the child, will receive from that expenditure of $1,188 compared with the expenditure on a single motor car. Added to that there is the additional productive capacity of the children and the saving to the nation due to the increased elimination of ill-health due to better nutrition and care. There is the over-all effect of an increased consuming power. I venture to say that this is the greatest single measure ever introduced in any democracy or anywhere else to eliminate the possibilities of another depression. I do not say that it will do that, but I think this is one way by which it can be done to a greater degree than by any other single legislative act. And, if, as I maintain, it adds to the consuming power and the productive power, it will also add to the ability to raise revenues and pay taxes. Quite apart from the social and humanitarian consequences of this bill, which I think are immeasurable, this bill is justified on purely economic and financial grounds as a measure in the interests of all the people of Canada.

We have heard some remarks about what other countries have done. Altogether some thirty-four countries have had systems of family allowances. Not one of them, so fas as I know, except those under enemy occupation, has ever abandoned the scheme once it was tried. On the contrary, schemes have been steadily improved, steadily developed and worked out as the experience of the people has shown that what was begun for a small class of the population should be extended to more and more classes.

Australia, our great sister dominion, began this in one of her states, New South Wales, in 1929. On July 1, 1941, a nation-wide scheme of family allowances was introduced by the government under the Right Honourable Mr. Robert Menzies. This scheme provided for a payment of five shillings per week for all children except the first. Family allowances were first introduced in New Zealand as far back as 1926. In 1943 they were increased to seven shillings six pence per week. This is subject to reduction as the family income increases beyond five pounds five shillings per week. A scheme was introduced in Ireland in 1944 under which two shillings six pence is paid for each child after the second.

Reference has been made to the Beveridge report by the hon. member for Edmonton East (Mrs. Casselman) in her extraordinarily fine speech last night. Since then the hon. member for Parkdale (Mr. Bruce) has said—I think I quote his words correctly —that the British government are not entirely in favour of this measure. He then went on to say that England was doing it because of an immediate need. When he was speaking there happened to be a member of the British House of Commons in the galleries of this house. He was a little surprised to hear this decision of the British government recorded by the hon. member for Parkdale. I refer the hon. member for Parkdale, and all other hon. members of this house who have read some of the misquotations appearing recently in some newspapers of the speech by Sir John Anderson on February 16, 1943, to columns 1666 and 1667 of the British *Hansard*. They will find there that the British government came out squarely in favour of family allowances of five shillings per week for every child after the first. Rumour has it that the British government will shortly introduce some such plan.

I would refer hon. members who are interested in this from the economic as well as the social point of view to Lord Keynes, perhaps one of the greatest living economists in the world. He published a book entitled, "How to Pay for the War," in 1940 in which he said:

> At first sight it is paradoxical to propose in time of war an expensive social reform which we have not thought ourselves able to afford in time of peace. But in truth the need for this reform is so much greater in such times that it may provide the most appropriate occasion for it.
>
> I share the view held by many others that this is so. I recommend, therefore, that a family allowance of 5s. per week should be paid in cash for each child up to the age of fifteen. I am estimating the net cost of this at £100,000,000 the basis for which is explained in appendix III.

When Sir William Beveridge was here and people asked whether people in Britain were in

favour of family allowances or other similar measures, he replied that it was just a simple question: "Should it come now or a little later."

In Canada the discussion of this matter began a good many years back in 1929 when the predecessor of the hon. member for Compton (Mr. Blanchette), who spoke so well last night, Mr. J. E. Letellier de St. Just, introduced a resolution providing for family allowances. This was referred to the select standing committee on international and industrial relations. Last night the hon. member for Edmonton East referred to the Marsh report, the James report, and the report of the subcommittee of the James committee dealing with problems affecting women.

This subject is not new. It has been canvassed thoroughly here and in other parts of the world. When we step forward, as we are doing now, with a broader and more comprehensive and more generous measure than has been introduced in any part of the world as yet, we are showing the way to the rest of the world once again.

Hon. members may be interested in some figures relative to the number of children that may be involved. With the consent of the house I should like to put on *Hansard* a calculation of the cost of the family allowance resolution prepared by the Dominion Bureau of Statistics.

First this gives the estimated number of children in Canada on June 1, 1941. That figure is according to the census and particulars are given for children of different ages up to and including fifteen years; the total is 3,409,911. That number has been extended by the procedure the bureau has to July 1, 1945, and for that date a total is shown of 3,535,934. While an increase is shown I may say to the house that the experience of other countries has been that the payment of family allowances does not result in a spectacular increase in the births in the country. It has some effect because conditions are straightened out in various ways, but there is no very spectacular result. The officials of the Dominion Bureau of Statistics inform me that it is not anticipated there will be a substantial change from the figure I give here, which is their estimate.

Mr. SPEAKER: Is it the pleasure of the house that the hon. member have permission to put this document on *Hansard*?

Mr. GRAYDON: If the hon. member would give the details as to what are contained in these statements, I would have no objection. However, I would like to know what he is putting on *Hansard*.

Mr. CLAXTON: The figures I just gave are self-explanatory. I was going to describe the next table. I have a copy in my hand for the leader of the opposition, if he wishes to see it. The second table shows the estimated distribution of families by number of children under sixteen years of age, at 1941. This is based on a two per cent sample taken by the bureau of statistics, and it is substantially accurate in the higher figures. There is likely to be some error, however, in the lower figures. May I point out that if hon. members will total the number of families throughout Canada having five or more children they will find that that total is 163,050. That is out of a total of 3,409,911, according to the census. In other words nearly ninety per cent of the families in Canada have less than five children, and only eleven and a half per cent of the families have more than five children.

The final table on the sheet shows the estimated cost for the month of July, 1945. It shows that for children from birth to the age of 15 years inclusive the total cost would be $21,700,000 per month, with deductions for the fifth and later children of $600,000 per month. This gives a net cost of $21,100,000. That, of course, is without adjustments for income tax. The total gross annual cost is estimated at $253,200,000. The Prime Minister yesterday gave the house an estimate of the effect of the income tax adjustment, placing the figure between $50,000,000 and $60,000,000 per year. So that the net cost to the Canadian people is something like $200,000,000 per year.

I should explain to the hon. member for Charlevoix-Saguenay (Mr. Dorion)—

Mr. SPEAKER: Before the hon. member leaves the point he has been making, it is my understanding that there is no objection to his placing these tables on *Hansard*.

Mr. CLAXTON: The tables follow:

CALCULATION OF COST OF FAMILY ALLOWANCE RESOLUTION

Prepared by Dominion Bureau of Statistics

(1) Estimated children in Canada, 1941 and 1945—

	June 1, 1941	July 1, 1945
0– 5	1,256,379	1,424,913
6– 9	837,287	839,722
10–12	661,653	618,369
13–15	654,592	652,930
Total 0–15	3,409,911	3,535,934

(2) Estimated distribution of families by number of children under 16 years of age, 1941—

(2 per cent sample)

Total with children under 16	1,411,650
1 child " "	561,250
2 children " "	369,000
3 children " "	200,150
4 children " "	118,200
5 children " "	69,400
6 children " "	41,000
7 children " "	26,650
8 children " "	14,700
9 children " "	7,350
10 children " "	2,450
11 children " "	1,000
12 plus children under 16	500

(3) Estimated cost for month of July, 1945—

Children 0–15	$21,700,000
Deduction for 5th and later children	600,000
	$21,100,000*

* Without adjustment for income tax.

The hon. member for Charlevoix-Saguenay referred yesterday to a statement appearing at page 1227 of *Hansard* for March 15, 1943, showing the distribution of children in families in Canada. I should explain that that statement shows the distribution of dependent children up to the age of twenty-four years, so that it is not relevant to the statements I have just filed.

With the consent of the house I should like to put on *Hansard* another statement showing the distribution of costs and benefits between rural and urban children and families across Canada. I do this because the measure now before the house will benefit children of rural families just as much as and in some respects more than it will children of urban families because of their larger families. This statement gives the population, the number of children under sixteen years, the reduction for five or more children, the cost before income tax adjustment, the average allowance per child, the number of families, and the average allowance per family, in respect of urban and rural families across Canada. The table shows that the average allowance per child according to this estimate—and it is only an estimate, based on a two per cent sample—will be $5.96 per month in rural communities, while for urban children it will be $6.12. The average allowance per child for the whole of Canada will be $6.04. When we come to the average allowance per family we see that while the rural child is to be credited with only $5.96, the rural family receives $16.01 on the average, whereas the urban child is to receive $6.12 and the urban family $13.33. So that as I said before, in respect of the different provinces in Canada, what any family may lose through the per capita amount received per child it will make up in the amount received per family. And the increasing and decreasing scale of the allowance provided by section 3 of the bill has been designed expressly to do just that, namely to equalize the position, on the assumption and in the knowledge—and this is within the knowledge of everyone—that it costs more to maintain a child as it grows up than it does to maintain an infant. On the other hand it costs less to maintain a child in a large family than to maintain it in a small family. The proposal is just as scientific and just as reasonable as any such proposal dealing with the great mass of children in the population could be.

The table follows:

General Statement of Family Allowance Costs Per Month for Rural and Urban Data of 1941

At $5 for 0-5 years; $6 for 6-9 years; $7 for 10-12 years; $8 for 13-15 years

Prepared by Dominion Bureau of Statistics

		Rural	Urban	Canada
Population	No.	5,239,000	6,251,000	11,490,000
Number of children under 16 years	No.	1,772,000	1,638,000	3,410,000
Reduction for 5 or more children (2% sample)	$	389,000	196,000	585,000
Cost before income tax adjustment	$	10,565,000	10,024,000	20,589,000
Average allowance per child	$	5.96	6.12	6.04
Number of families (2% sample)	No.	660,000	752,000	1,412,000
Average allowance per family	$	16.01	13.33	14.58

The accuracy of the 2 per cent sample figures is as follows:

For a group with 1,000,000 children the maximum likely error is under 2 per cent.
For a group with 100,000 children the maximum likely error is under 5 per cent.
For a group with 10,000 children the maximum likely error is under 10 per cent.

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I had hoped at this time to be able to outline to the house my own—and only my own—views as to how this would actually work out in administration. I see however that the time at my disposal has almost expired, and as hon. members have already been courteous and generous to me I believe I shall leave anything further I have to say until the bill is in committee. May I state briefly however that from government officials I have met I learn that it is their aim: first, to make the administration as simple as it can be made; second, to use all existing agencies of government that can be used; third, to arrive at, maintain and develop the closest possible cooperation with the provinces, and the agencies in the provinces; and fourth, to hope for and expect the development of all child welfare services and agencies which already exist and are doing such splendid work. But they could do even better work, because each of them finds that the fundamental obstacle in the way of continuous social betterment is the need for a greater income per child in each family. I can tell the house after a good deal of association with child welfare workers that it is clear that they believe this bill will change the whole character of their work. Instead of having to deal with conditions of extreme need and poverty, those welfare workers will be in a position to build so that the child, wherever it may be, under whatever conditions of life it may live, in whatever province it may be, and no matter who its father or mother may be, will have a better chance in its future life.

There has been some experience administratively in dealing with such large numbers. I am reminded that the dependents allowance board distributes 609,254 cheques per month. That is a very large number. The provision for family allowances will lead to the distribution of something like 1,500,000 cheques per month. However, already a great deal of experience has been gained by treasury officials in administering arrangements of this kind. They believe that the three divisions into which administration will be divided, namely, registration, investigation and payment, can be adequately handled without any great or excessive cost. I saw in one publication that somebody estimated that the cost would be twenty per cent. The estimate arrived at based on the experience of similar measures in other countries and in other connections here would lead one to suppose that the cost will certainly not exceed two per cent, and will probably be less.

[Mr. Claxton.]

So, Mr. Speaker, we have here a measure which in no way interferes with the autonomy of the provinces, as was pointed out by the hon. Minister of Justice (Mr. St. Laurent), and which does not purport to deal with education, as my hon. friend the member for Charlevoix-Saguenay (Mr. Dorion) thought. All that this purports to do is to say what child is the kind of child that will receive the benefit, and this bill contemplates that it would not be the wish of anyone that a child who is working, or was a truant from school should receive the benefit. This bill treats the people of Canada from end to end alike. I support it and advocate its adoption and its enthusiastic support by the people of Canada as a great, progressive, constructive step in the building of the future society of our great country.

Mr. GRAYDON: I did not want to interrupt my hon. friend, but I wanted to ask if with the statements which he has been allowed to place on *Hansard* he would also give a break-down by provinces and place that on *Hansard* as well.

Mr. CLAXTON: I thought I had already explained, and if not I am glad to do it now, that I had asked the bureau of statistics for that information. They informed me that from the census results they cannot get that information for family groups except by going over the 1941 census results and working out the figures from place to place. That would be a very lengthy operation. I will make further inquiries and perhaps answer my hon. friend later on that point.

Mr. GRAYDON: I understood that that information had been supplied already. That is why I asked the question.

Mr. CLAXTON: It was given for children up to the age of twenty-four by provinces but not by families. That was done in answer to an inquiry by the hon. member for Charlevoix-Saguenay. I understand that all the census figures are based on ages up to twenty-four. That is their ordinary run of tables. In order to get a break-down for children up to sixteen in families they would have to go through all the census returns, and that would be quite a lengthy operation.

Mr. BOUCHER: Are these figures by provinces not available in the census returns for certain ages up to sixteen years of age? I have been informed that they are available for 1941, but I do not know whether that is correct.

Mr. CLAXTON: I shall be glad to make inquiries.

Mrs. DORISE W. NIELSEN (North Battleford): Mr. Speaker, those of us who have been members of this parliament during these difficult years of the war emergency have had very many controversial issues come before us when it has not always been easy to see clearly the direction we should take, but it would appear to me with respect to this measure which is now before the house that any member who believes in the destiny and in the future of the younger generation of Canada can have no doubt whatever as to the advisability of giving it whole-hearted support. For my own self I feel very glad that I am a member of this House of Commons at this time and that even before the war is brought to its successful conclusion we have had an opportunity of seeing this legislation brought down to be put on the statute books of Canada.

I know that it is the duty of members of this house to look at any measure of national importance as objectively as possible, and yet I find that my own personal feelings do to some degree become mixed up in this. You see, I happen to be one of those unfortunate young women who belong to the generation in Canada who married and started to raise a young family during the most difficult days of the darkest period in the world's history. I know from first-hand experience of the struggles and the difficulties and all the heartaches of mothers who through those years sought to protect and bring up their children and to give them the best they could under such difficult conditions. Possibly there are those among the members of this house who suffered as I did; I do not know. It was a very terrible thing to lose a first son for lack of medical attention. It will always be a source of sorrow to me to know that one of my other children will suffer to the end of his days from physical disabilities which were caused through malnutrition in his early days. It was possibly because of my own sufferings that since I came into this house I have spent a great deal of my time speaking on the need for the introduction of social services to safeguard the life of our younger generation. Of course, the nazi menace reached a point where it overshadowed every other consideration, but to-day, when we find the beginning of the end within sight, it is a good thing that the government should at this time have turned its attention and concentrated upon a measure which will be the beginning of what we all hope to be a better and fuller life for the people of this country. Once on the statute book as a beginning, I sincerely hope that in time it may be broadened out and become part of a wider social security measure.

I think it is agreed by all of us that one of the great ends which this bill will achieve is the raising of the purchasing power of that section of our people who still need purchasing power so badly. It has long been recognized that the problem of production has been solved in the age in which we live. It has always been distribution that has been the snag. Lack of purchasing power, if we allow that to continue, will destroy the marvels that Canada is able to produce. The great productive forces of industry and agriculture which will be unleashed with the ending of this war will be futile to add to the progress of our nation unless we find it possible to increase and extend the abilities of wide sections of our people to consume that which they are able to produce. Certainly these family allowances will make a beginning in that direction.

Certain small sections of labour have registered some protest against this measure, and have even gone further and condemned it on the ground that it may be used as a means of keeping wages from rising after the war. I feel that that is a defeatist argument and that the great trade movement in this country will see to it that it is not so used. I believe that the great trade movement in this country will have the ability to defeat this argument and to prove the incorrectness of such a premise. I know that it will not stop the farm movement from working to secure the basic price guarantees that are needed for an upward adjustment of farm income in Canada.

When the Prime Minister (Mr. Mackenzie King) was speaking in introducing this bill he mentioned that the cost of this measure was estimated to be in the neighbourhood of $250,000,000, and that of that roughly some $50,000,000 would be taken back through the income tax.

I am just wondering whether or not—I am not sure that I am correct—we shall obtain the greatest advantage from the expenditure of this money through grading the allowance to children according to age. Having a little family of my own, I realize that the cost of children does increase, generally speaking, as they grow older. But of course this family allowance is not a measure to cover completely the cost of upkeep of a child. I agree that it is a contribution towards the cost of upkeep. The Marsh report stated, I believe, that according to the rates of 1939, $14.50 monthly would be the minimum for the complete upkeep of a child. If we are to have a system of graded

payments, it is going to be extremely difficult to administer. It will need a very large force of officials to check the authenticity of claims made, and so on. I am of the opinion that we could cut down the cost of administration and pay a greater part of that $200 million into the pockets of the people if we were to give a straight sum irrespective of the age of the child. Perhaps the Prime Minister in replying later will give arguments to prove that I am incorrect. I am quite open to persuasion on this matter, but it seems to me, from the little I know about administrative costs, that having the graded system would reduce the amount available for grants under this measure.

Another point of which I am not quite sure is whether it is wise to decrease the allowance to the larger family. I feel that it is unfair to the larger family. Perhaps food bought in larger quantities does not increase in cost in direct relation to the number of children, but certainly with regard to clothing, housing and schooling the expenses increase with the size of the family. If we are to protect the health of the mothers of this nation; if the mother who has a large family is to maintain her health and strength, she needs assistance in her work. It has been said outside this chamber—I have noticed it in the press—that the gradation is for political reasons, that had we allowed family payments in the same amount to be applied in respect of any number of children it would have been said in some circles that this was a political sop to the province of Quebec. I wish to speak about this very frankly. I am an English-speaking Canadian, yet I would not regard any such measure as a sop to Quebec. I am aware that certain inequalities exist in that province, and I cannot believe that the future of Canada will be secure unless we keep the national unity we have and make it stronger, and we have to eradicate as far as possible inequalities among our people. To give a family allowance of equal amount per child to any size of family would have helped in some slight degree to remedy the inequalities which exist in Quebec. I think we should remember that those who sow the wind usually reap the whirlwind. Had the people of Germany not held legitimate grievances it would not have been possible for the nazis to prey upon them and exploit and inflame their grievances with such disastrous consequences. The people of Quebec have certain legitimate grievances. Their wage rates have always been lower than those of the majority of other provinces. Their living standards have been consequently lower, their disease rates have been higher; and but for these legitimate grievances we would not to-day have certain groups trying to capitalize on those grievances with possibly disastrous results not only to Quebec but to the rest of Canada.

As the bill stands it militates against the French-Canadian people of Quebec. According to the census bulletin on households, occupations and earnings, No. 5, issued in 1941, I believe it is a fairly reliable estimate that while the province of Quebec has only about 24·8 per cent of the total number of families in Canada, it has 34·8 per cent of the families with five children, 43·5 per cent of the families with six or seven children, and 56·7 per cent of the families with eight or more children. There is no reason why any mother anywhere in Canada should not have adequate help and assistance, however many children she has.

This question of the size of the family is rather a delicate one to deal with in this house. A woman does not always have the right to decide how many children she shall have, yet the burden of the care and the constant work which attend the keeping of a large family is hers, and I am sorry, speaking personally, that the woman with the larger family will not receive the allowance which I feel she should have.

The Prime Minister, when he was speaking before, said he did not think that any very large section of the people would misuse this allowance. I agree with him. The twenty-fourth annual report of the Canadian Welfare Council supports the Prime Minister's statement. In this report, dated May 15, 1944, I find this statement:

> In any event it seems fair that the success or failure of a children's allowance scheme will depend very largely on the proper development of an adequate administrative plan, and this is now being studied by the federal authorities. It will depend even more on the success of the arrangements which must be worked out to secure proper supervision and control over that small percentage of cases where the allowance would not otherwise be wisely handled.

This is the point I would like to emphasize.

> The experience of the dependents' allowance board during the war years would seem to indicate that this percentage will not exceed more than one to three per cent of all cases.

That is an extremely low estimate. I still feel, as I said before when speaking on the bill setting up the Department of National Health and Welfare, that we should accompany these family allowances with a wide circulation of educational bulletins on all matters concerning the feeding and care and upbringing of children to give parents the knowledge which is necessary. If the allowance is not wisely spent, I believe that in the

cases—the small percentage of cases—where it may not be wisely spent it will not be because of wilful misspending; it will be chiefly because of lack of knowledge as to how the money should be spent most advantageously in the interest of the childen.

I would quote again from the same report of the Canadian Welfare Council, where this is stated:

> This points, in other words, to the conclusion that we are not really faced with such a clear-cut alternative of cash allowances versus extended children's services, as the arguments presented on both sides of this much-debated question might appear to suggest. It is probable, almost to the point of certainty, that if we are to have cash allowances for children, we will also be obliged to extend and strengthen our children's services as well, in order to safeguard and control such a substantial national investment.

I feel that an organization such as the division of nutrition, headed by Doctor Pett, and certain other branches of the Department of Health and Welfare, would be only too glad to have the opportunity of presenting in bulletin form to the people of this country all the facts which would help the mothers to understand those factors of nutrition and so on which affect the health of their children.

There is one other thing which is a little surprising to me. I do not know whether I shall have support from any other hon. members on this particular question. I am wondering why, where the bill indicates to whom the allowance shall be paid, it mentions specifically first of all the father. I believe I am correct in understanding that the cheques will be made payable to the father of the family. Of course, legally speaking, a married man is head of his household; I have no quarrel with that. But this allowance is not for general household expenditures. It is a special allowance which we hope will be used for the benefit of the children, and it is the women who are most closely concerned with the welfare of the children. In a home where there is a real partnership the woman does usually have an allowance for housekeeping and for her own uses as well. But that is not always so. I feel of course that where a woman does have certain allowance for her own uses and for housekeeping expenses it is a good thing, and gives a married woman a feeling of independence which is very necessary, but unfortunately that does not exist in all homes. I wish it did. There are many homes where that is not true. Women take an awful chance on this when they get married. So far as I know, there is no law which allows a woman to claim any part of her husband's wages as her share for the work she has to do in taking care of the family and the home. In my own experience among rural people I have found that farm women suffer more than their city sisters do in this respect. It is a degrading thing for a woman to have to ask for every cent she wants for the expenditures in the home and for her own private needs, and yet that is precisely the case particularly in farming areas. I have found among many sections of the country, not only among foreign-born but among a good many English-speaking people also, that it is the man who, with his grain cheques or his hog cheques, pays the bills at the store, and the woman never actually has the handling of money. The independence of women is a very necessary thing if the women of this country are to go forward and attain that stature of full citizenship which they should have. I think that the great majority of the heads of households, the fathers, will pass over the cheques to their wives for the upkeep of the children. Well, if they do, why not pay it directly to the women, and so protect the women whose husbands will not automatically do it? It would be a good thing.

I would remind the Prime Minister of a very old saying. I have repeated it many times, and no man has ever yet dared to dispute it with me. It is this: The rooster crows, but the hen it is that delivers the egg. It is all very well for the father or the husband to show off his beautiful children and their tricks, but it is the woman who has the daily care and responsibility as well as all the trouble that is connected with the upbringing of children. I would like to see the rights of women protected. I believe there is still great need for us to consider this question. After all, the place of the women in a country is a great indication of the advance of that particular society, and there is no real democracy without full equality between the sexes. But we are still a long way from that goal in Canada. I would have been glad to see such a principle embodied in the bill, providing for payment of cheques directly to the mothers. I am not sure, but I believe that in section 6 it is provided that if a person is dissatisfied about this allowance that person will have the right to claim an adjustment. If a woman is going to be free under section 6 to claim the right to the allowance, if her husband does not give it to her, why not give it to her in the first place and so obviate additional administrative costs? I suggest that it would obviate a lot of such costs.

Mr. MACKENZIE KING: My hon. friend will find in the bill that provision is made whereby the governor in council may determine to whom cheques shall be paid, such determination to be based upon what, after

conference with the provinces, would appear to be the particular parent to whom the cheque should be made payable. What my hon. friend has in mind will be met, I believe, by that clause.

Mrs. NIELSEN: I am very glad indeed to hear the Prime Minister say that; it relieves my mind considerably. But I wonder what will determine the matter in some homes. Is it going to be a question of individually finding out whether the husband or the wife should have the cheque? I fail to see what will be used as a guide in the matter. I still adhere to my belief that it would cost less in the long run in administration to pay the cheque directly to the woman.

However, I am in full agreement with the bill. As we come to the separate sections there may be a few other remarks I would like to make. I am not just sure about section 6, in which it is stated that if any person is dissatisfied with the way the money is being spent, that person can appeal. I do not know whether that will affect neighbours or gossips or people who for some slight reason or other may have some feeling against a woman. We have to be very careful of the rights of people to appeal. At any rate, I shall be able to deal with these points when the sections come up before us. Generally speaking, I am proud to be able to give support to a bill of this kind, and I only hope we shall see other measures which will continue the social security of our people so that we may go forward in the same direction as this proposal.

Mr. PAUL MARTIN (Essex East): Following the hon. member who has just spoken, I am sure that I express the feelings of every member of the house—and the same will apply to the observations last evening of the hon. member for Edmonton East (Mrs. Casselman)—when I say we recognize that no group of members in this house have more right to speak in support of this measure than the hon. member who has just taken her seat and her lady colleague who sits on this side of the house. It may be that in considering this measure the house is not only providing for the future citizens of the country but is also thereby, by implication, paying a long overdue tribute to the mothers of Canada. I am reminded, in taking part in this debate, of the words of Pitt, who, speaking in the House of Commons on an amendment to the Poor Laws, said on February 12, 1796:

> Let us make relief in cases where there are a number of children a matter of right and an honour, instead of a ground for opprobrium and contempt. This will make a large family a blessing and not a curse, and this will draw a proper line of distinction between those who are able to provide for themselves by their labour, and those who, after having enriched their country with a number of children, have a claim upon its assistance for their support.

I wonder if I would be regarded as unfair if I suggested to the hon. member for Parkdale (Mr. Bruce), who spoke last night, that he should take to heart these words of Pitt and realize that in referring to the children of our country there is no occasion for irony or for anything approaching what I regard as his contemptuous observations of last evening.

This particular measure now before the house is a part of the government's programme of social security. It is not the first plank in that platform. Perhaps the first real measure came with the introduction of unemployment insurance in 1940, under which scheme now two millions of our citizens will share in a fund contributed to by workers, by employers and by the government and amounting to over $205 million. In that unemployment insurance scheme, based upon the experience that other countries have had, an attempt is being made to improve where others failed, and it is now being followed by this measure, which I think Mr. Beveridge, Mr. Marsh and Alvin Hanson have said is the first necessary condition in any real social security programme.

I must say that I was not a little disturbed when I found the leader of the opposition (Mr. Graydon), speaking for a great historic party in this country, failing to fall in step not only with progressive thought throughout Canada but with progressive thought throughout the world. Recently at the twenty-sixth meeting of the international labour conference forty-two nations of the world, representing employers, workers and governments, met, and among the things that they all recommended for adoption in their own countries was a system of family allowances on the basis of the Australian model, which we are following in large measure in this house. In 1938 I find that at the pan-American conference of twenty-one American republics a recommendation was made that family allowances be set up in every one of those twenty-one republics.

This is not a matter of bribe; this is a matter which in the growing process of history has come to be recognized by all men as part of the very necessary assignment of the state in the duty it owes to its citizens, and particularly to those within the low income brackets. We have given expression in the Atlantic charter to such declarations as freedom from want. What steps are we to take in order to give effect to freedom from want unless we give support to this kind of measure, unless we hurriedly recognize that we cannot wait until we set up a complete system of social

services, which in answer to the leader of the opposition I tried to suggest yesterday would take many years to achieve on the basis of the evidence given by Doctor Davidson before the social security committee of this parliament.

No; freedom from want will follow statesmen and governments throughout the ensuing decades in a manner which perhaps many of us at this stage are unwilling to recognize; and while we have taken a great step in this measure I venture to suggest that in ten years from now this measure, commendable as it is now, will be looked upon as something that is only part of many of the things which must be done to justify our commitment to the general expression throughout the world that there must be freedom from want. Mr. Beveridge, Alvin Hanson, Mr. Keynes, all the great sociologists and economists of our day have recognized that a system of social security without a system of family allowances is not a system of social security at all. Mr. Keynes has gone on to say that a high level of employment is not possible in Britain unless they have along with it a kind of scheme of family allowances. This latter plan differs from that of Sir William Beveridge.

Thirty-four countries—in Europe; Australia, Japan, New Zealand, some of them since the end and one before the beginning of the last war—have adopted this measure in principle; yet it was left to the leader of the opposition and to his group to be the only voice in Canada opposing the principle of this measure. This is an attack on poverty, and poverty we have—every country has. Poverty exists throughout the world. We have poverty which we hope to mitigate by covering children's maintenance and subsistence, such things as food, clothing, light and fuel. And as one who has had something to do with the Department of Labour, I say that we will find under a system of family allowance one of the ready means of taking care of the problem of over-insurance about which I shall have more to say in a few moments.

As has been said, we are merely extending the principle which we have recognized in old age pensions, in the income tax exemptions, in mothers' allowances and dependents' allowances. It is the same kind of principle, only we are extending it to groups who for one reason or another cannot qualify within the income tax-paying brackets. The fact is that every addition to a family is an additional economic handicap. No one who comes from a large family, no one who has felt what it is to want, no one who has aspired to positions of greatness in public life or in industry and who has come from a small home with a large family, can fail to recognize that a large family is an economic handicap; and in providing this additional opportunity by way of perhaps better food, perhaps assisting in better housing, certainly I hope in better education, we are taking a step which in the days to come those of us who are members of this parliament shall not regret. For the fact is that the future citizens of our country have a value to society just as much as our forests, just as much as the development of our national resources upon which the richness of our economy depends. Yet we spend less time and less interest on our children. We have been charged with being emotional, with being excitable, because we lay emphasis on the fact that there are some things in life more important than purely economic and material things.

There is no relation between the size of a man's family and the remuneration which he receives, as I hope to show in dealing with the labour aspect of this problem; there is no possible way of bringing that differential into line. No, Mr. Speaker; family allowances cannot help but be regarded as the way of first guaranteeing a continuing assurance of income regardless of what happens to the father. There is no man or woman in this house who has not seen what the spectre of death can bring to homes where there are no means of carrying on in the absence of the father. Family allowances are a subvention, not a provision for family standards, but an aid to family standards. They will assist the worker who is exposed to a variety of hazards beyond his capacity to control. As I said, we spend money on land, forests and factories and the other material assets of this nation. But in the past I think we have not placed sufficient emphasis upon human values. As the hon. member for St. Lawrence-St. George (Mr. Claxton) said, in the days that lie ahead, when we shall have to dovetail private initiative into a system of public investment to keep men at gainful work rather than in receipt of the dole, we shall find that this fund of $200,000,000 will serve as a very effective part of that public investment programme. It will serve to provide additional purchasing power as well as to guarantee against insecurity and the like.

There are those who suggest, and the leader of the opposition was one, that instead of direct allowances we should have allowances in kind; that instead of giving money to the father or the mother for the children we should provide services in the form of better housing, more milk for the children, hot meals for the children at school and the like. Well,

I ask him to ask the person who advised him in the remarks he made in this house what she would have to say about a report made in Norway in 1938, where after a careful study some Norwegians, assisted by a group of Englishmen and a group of experts from other countries, recommended that in respect of housing and medical attention collective effort was of special value, but when it came to the everyday things of life, there was, upon examination, only one system which would serve those things and that was a system of family allowances, not based upon the practice of France but based upon the practice embodied in this bill, a direct contributory scheme, not from employers and workers directly, but a scheme directly contributed to by the state, allowing for full control by the government with no intervention by industry or other groups.

I was not a little surprised that the leader of the opposition should have made the remarks he did about this bill, especially in the light of the study made with regard to family allowances by a gentleman, a former distinguished law partner of mine and a man for whom I have the highest personal regard and who was chairman of the national war labour board. He recommended a system of family allowances.

Mr. TUSTIN: Under certain conditions.

Mr. MARTIN: Yes. In one breath "yes" and in another breath, "no." Mr. Justice McTague, now Mr. McTague, said in his report:

> We are aware that family allowances usually find their place in a general programme of social security rather as a part of a wage control policy, but substandard wages are indefensible at all times and if control of wages below 50 cents is not removed the solution is a system of family allowance.

That is undoubtedly what the hon. gentleman had in mind. For the first time in the history of this country someone recommended the very thing the leader of the opposition opposed. In that statement Mr. Justice McTague was recommending family allowances as a substitute for low wages, the very thing which we in this bill are trying to avoid and the very thing which the leader of the opposition said we must try to avoid. Yet a month later the same gentleman, now the organizer of the Conservative party, now a candidate for office in the next parliament of Canada, said:

> There is no use glibly talking about family allowances being a substitute for wages. No one suggests it is. It represents a measure of social security to people whose status really requires it.

[Mr. Martin.]

I believe that statement of Mr. McTague was correct. But I put that statement alongside the statement made by Mr. Bracken on June 25 and the statement made yesterday in this house by the leader of the opposition. If the Prime Minister or the government of this country is guilty of introducing this measure for one provocation or for one purpose or another, then what is to be said of the chief of the Conservative party organization who gave expression to the very same view? Obviously we are motivated in trying to bring about a system of family allowances because we know that under a capitalistic or socialistic form of society there are defects in the wage system which I do not think can adequately be met. There seem to be three main defects.

First, the amount of money required to maintain a family depends upon the number of people going to make up that family. Existing wage payments are made for the work performed and not according to the size of a man's family. Is there any other way of dealing with that anomaly? Second, the expenses of keeping up a family vary with the ages of the children. A father needs the most help when his income is generally low, at a time when his family is at the top level in so far as numbers are concerned. Generally the father is making less when the needs of his family are greatest. Third, in looking after individuals the state provides for them according to their real rather than their imaginary needs. The effect of this is that often it is more advantageous for a man with a number of children to be unemployed. That was the experience in Great Britain in connection with the administration of unemployment insurance, and about that Sir William Beveridge had this to say:

> The only way to keep the difference between income during employment and during unemployment as large as possible, and at the same time to keep benefits adequate during unemployment and disability, is to give allowances for children in time of earning and non-earning alike.

That great precursor of reform, Mrs. Sidney Webb—I invite those sections of labour in this country who may still have doubts to bear in mind what she said—had this to say in her minority report to the British government in 1919:

> . . . the community must face the necessity of seeing that adequate provision is made for children, not by statistical averages, but case by case. The average family is, of course, merely a convenient figment of the statistician's and does not exist in fact. If provision is made in one way or another for three children, this is very far from securing enough food and adequate conditions of nurture for those households in which there are, for years in succession, four, five, or more children dependent. The nation

cannot be satisfied any more than children can with a family or household average of rations for the rising generation. Each individual baby has got to be adequately and satisfactorily provided for.

That was in 1919. That is the observation of a woman who recognized the defects in the wage system under both the capitalistic and socialistic form of society. She was away ahead of her time, but she recommended the sort of thing we are dealing with now.

I do not think anyone has met this problem more accurately than the present Prime Minister of Australia. In 1929, as a member of the royal commission investigating the problem, he was faced with the apathy, and in many quarters with the criticism of his own party because of a dissenting report he had made recommending family allowances as opposed to the majority report. In his statement Mr. Curtin goes on to say that there is no real connection between the system of family allowances we are envisaging in this bill, and what they now have in Australia, and the general level of wages. This is particularly so because in each country there is a great section of the population who are in a non-wage earning group. Forty per cent of the people in this country are in the non-wage earning group. Even assuming the validity of the argument put forward yesterday by the leader of the opposition, even assuming that it has merit, what about the forty per cent of our people, our farm people, who are not wage earners as such and who because of their low income status are undoubtedly wanting in food and other necessities which in this day and age cannot be denied?

There is one aspect of the problem I should like to deal with. I am glad to hear from the lips of the hon. member who has spoken, and from the leader of the C.C.F., that they support this measure. It will be remembered that some sections of labour did oppose this bill. When the matter was first introduced some sections of labour did express apprehension and concern. They said it might be used as a depressive for wages. What are the facts? I think one should speak plainly in this matter because of the tremendous benefits the wage earning class of this country will derive.

In Great Britain there was some apprehension about this matter. The trade union movement in that country was concerned about the proposal to adopt a system of family allowances. It was felt that as in France the employers would take advantage of this kind of assistance and pay lower wages to their workers. One group after another expressed opposition. But in 1927 the British trade unions stopped their opposition. A majority report of the joint committee of the trade union council and the British labour party executives stated that they had arrived at the conclusion that the most valuable step that could be taken to further the welfare of the nation's children was the institution of a scheme of family allowances. Later the trade union congress as well as the Labour party gave expression to the same kind of view. I call the attention of the house to the words of a great British trade union leader, Mr. James Griffiths, M.P., who said:

> I would feel more resolved and more determined facing the employers, if I knew the children of the men for whom I was negotiating were outside of the power of the owners to starve if conflict came.

I use those words, and I ask labour throughout the country to remember them. No one in his good senses to-day will doubt the right of labour to organize. The fact is that to-day in this country we have a trade union membership of 700,000, as compared with about 300,000 at the beginning of the war. In my opinion that is a good thing, not only for the workers but for Canada. As long as we have an informed trade union movement, as we have in this country, one which I repeat is good for Canada and good for the workers themselves, there need be no fear on the part of labour that the system of family allowances will be used as a weapon by irresponsible employers. I think of the words of Mr. Griffiths, when he said he would feel safer if he knew his children and the children of his colleagues in the plant were to be provided with the necessities of life during a stoppage of work, than he would under the old system where the opportunity of dealing with employers was always rendered one-sided because of the fact that workers themselves did not have the wherewithal to provide the necessities for their dependents during the out-of-work period.

This is the attitude of labour. Labour throughout the whole of the united nations at the recent international labour conference clearly showed where labour, generally speaking, stands on the subject. I am sure all ranks of labour in this country, when they really consider this matter in the light in which we are discussing it to-day, will see that it cannot be used as a depressant, and that it is not to be used as a depressant; and as long as they have strong trade union organizations—which this government has encouraged—they need not be afraid.

There is the view also of the British Labour party, and the trade union congress in 1930, signed not only by a majority of the committee but by a majority of the trade unionists

on it. They were firm in their views with respect to a system of family allowances, and the joint committee said:

Indeed, we believe that during industrial conflicts the unions will be very considerably helped by the existence of such a scheme since the workers' children will be removed from the firing line and a great factor of weakness will then be removed.

May I say that I was glad to hear the leader of the C.C.F. support the view of the Prime Minister to the effect that this measure was not a means of depressing wages, but rather a means of supplementing something which wages cannot take into account—the number of children a married man may or may not have. But under no circumstances should we encourage in any way, or should this measure in any way be regarded as an encouragement to industry, large or small, to take advantage of the situation unwittingly to reduce wages, or to take into account wage costs in relation to this matter.

We have reached the stage when we have to have a different conception of the place of industry in society, a conception of industry where the partner is not only the man whose interest is that of investments, but as well the man who gives his services as manager and the man who gives his energy as a worker. These two last named partners have their rights in industry just as much as have the investors. Industry will have to come to recognize that. Just as it is entitled to depreciation on its machinery, it should provide through reserve funds and the like for depreciation of the human beings engaged in industry, and who make to industry an immeasurable contribution. That contribution is much greater than the contribution rendered by the tools or the equipment, buildings and the like in modern industry.

This is a forward measure. We are in the throes of transition. We do know that great changes are taking place. As we go along, measures which now are considered by some to be excessive, in the course of time will be regarded as only part and parcel of a world which is gradually developing, and which now is not wholly apparent to us.

John Curtin, the Prime Minister of Australia, was charged by individuals in his own country, when he wrote his minority report of 1929, with giving encouragement to a system by which wages would certainly be depressed. He said throughout Australia, as every labour man in this country who has studied the matter now knows, that as long as labour is strong, as long as the government recognizes the privileges as well as the obligations of labour, and as long as labour is able to organize for its own use as well as for the community, these dangers may not be regarded as at all serious. He went further than that, and used in support of Bill 116 in the House of Representatives of Australia in 1941, words which I shall use as my closing remarks to-day. I believe these words represent what is in the mind of each member who gives his support to this measure. They are:

With this bill we are, for the first time in the history of this country—writing into the statute book our realization of the national significance of family life. That is not a mere platitude—that means something. There never has been any doubt of the value of the services, infinite in variety and extent, which the family renders to the nation. Primarily, it is a source of national continuance; it has supplied the human material indispensable for the production of the means of subsistence; it provides for the replacement of the old and the dead, and is a sole guarantee for the redemption, in the future, of those obligations which previous and present generations have found it desirable to incur in order to enjoy the fullest obtainable measures of security, comfort and civilization . . . therefore, every contribution we can make to the improvement of the health and welfare of the children now growing up is a definite contribution to the stability of the national structure in the years to come.

Mr. S. H. KNOWLES (Winnipeg North Centre): Mr. Speaker, as has already been pointed out by the leader of this group, we of the Cooperative Commonwealth Federation welcome wholeheartedly the introduction of this measure. We feel, as the hon. member for Rosetown-Biggar (Mr. Coldwell) suggested yesterday, that its introduction is a tribute to the work that a great many social pioneers have done in this and other countries down through the years, in endeavouring to propagate some of the principles now being enunciated by the Prime Minister (Mr. Mackenzie King). I refer in particular to his statement that we are members one of another, and that as a community we owe a joint responsibility to our entire citizenry.

I am sure the Prime Minister would be the first to agree with the statement made yesterday by the hon. member for Rosetown-Biggar that, in part at least, this legislation is a tribute to the work carried on for so many years by the statesman I had the honour to succeed as member for the constituency of Winnipeg North Centre, the late J. S. Woodsworth. It must be remembered that it is not very long ago that we of the C.C.F. were criticized for advocating policies in the name of social security which, it was charged, would bring about the degeneration of our Canadian people. We were of the opinion then, as we are to-day, that human beings—and we were speaking specially of Canadians—are made of good stuff, and the better the

opportunities for life surrounding our people, the more of initiative and character and resourcefulness will be displayed by them. Accordingly, we support wholeheartedly every move that aims at improving the economic security of all our people.

When the Prime Minister says as he did yesterday that if we mean business when we talk about freedom from want and freedom from fear and about implementing the terms of the Atlantic charter we must do something about it, we must take some concrete steps, I say that in this instance he was reflecting the views of the Canadian people. I am satisfied that there is in this country at the present time a determination, expressed by the phrase that is used so often, that this time not only must we win the war but we must win the peace. Accordingly, I hope that this measure is only one step looking in the direction of a wider and all-inclusive programme of social security that we shall have in this country not very long hence.

The leader of this group pointed out that our major comment in connection with this bill is not one of criticism but is one of tribute to it when we say that we wish it were part of a still larger programme of social security. Members of parliament, it seems to me, should be particularly conscious of this necessity because of the many cases of individual need with which we are called upon to deal. We find time and again that after we have passed this or that desirable piece of social legislation, although it may take care of certain cases, yet there are always coming to us other cases that are not taken care of by these piecemeal steps. For example, parliament provided a special allowance last session for widows of veterans of the last war, veterans who at their death were in receipt of a fifty per cent pension or less. That was a token or gesture in the right direction, but the provision covered only widows of such veterans as had served in an actual theatre of war. England was not so regarded in the last war. The consequence is that we as members of parliament run into many cases of widows whose husbands were volunteers and served during the greater part or all of the last war but did not get to France, and their widows by reason of that technicality are not given the allowance. The widow herself stands in just as great need of it as her sister whose husband did get to France, but there is no provision to cover her need. We continually run up against technicalities like that which underline the necessity of our getting out of this stage of piecemeal social legislation as quickly as we can in favour of an all-inclusive plan.

So it is with unemployment insurance, a commendable measure which was brought down by this government. As I pointed out the other night, we run into many cases of employees who have made their payments into the unemployment insurance fund and then have to lay off work because of illness. They find that they are not covered by the premiums which they have paid into the unemployment insurance fund; yet they are unemployed and their income stops. They are assailed by an economic condition which is not covered by the act, and real hardship results. That situation also underlines the necessity of an all-inclusive programme of social legislation.

I wish to make it clear, Mr. Speaker, that in making these suggestions I am not talking just to find fault with this measure. Rather I am sincerely and earnestly urging that now that we have gone this far in accepting the principles underlying this measure, we by no means stop there.

I should like to deal with the argument referred to by the last speaker and by some others who have participated in this debate, namely, the fear that family allowances might be used to depress wages. It is perfectly true that certain sections of organized labour have had that fear; some of them still have it. That fear is based on some sad experiences which organized labour has had with certain government departments and boards, and also in its dealings with vested interests. It is also based on the fact that so far as our peace-time arrangements are concerned, the control of labour legislation, working conditions, collective bargaining and minimum wages, is still in the hands of the provinces, whereas this provision for family allowances is being made by the dominion government. It would be far better if both were under the same jurisdiction, and some of this fear would be allayed if we were a little more certain that in the not far distant future control of these matters affecting working conditions, collective bargaining and wages would be in the hands of this same branch of government which is making provision for family allowances. I urge the securing of those necessary powers for the dominion government. In doing so, I want to point out that, as I see it, it is by no means a case of interfering with the rights of the people of our various provinces. It would be an interference, long overdue, with the power of vested interests at the present time to play upon the slogan of provincial rights in order to keep wages and working conditions depressed in some provinces as compared with others, to the detriment of all the people of Canada. I hope that leadership might be given to the people of all our provinces, as

Canadians, to the effect that it is in their own interest to have matters of this kind made the concern of the federal government. There is no reason at all why we cannot write a bill of rights that would give an absolute and inviolable guarantee to our provinces over certain matters of a cultural nature which are sacred to them. But so far as matters of this kind are concerned, which bear upon the economic status and the life and well-being of our people as Canadians, it seems to me that we should move, without further delay, in the direction that I have already indicated. I suggest that if we were moving more clearly in that direction it would allay some of the fear about family allowances depressing wage standards. I recognize the steps that have been taken in this direction so far as war-time conditions are concerned. I hope that there may be no retreat from that position.

But even so, Mr. Speaker, I am not worried about the introduction of family allowances depressing wages or the working conditions of our people. For one reason, public opinion is too strong on this point. The people of Canada have done a great deal of thinking about social and economic matters in the last ten years and particularly during the years of the war. It is also true then when people have their standards raised a bit, that is the very time when you cannot turn around and push them down. It is when people are most deeply depressed that they can be most easily taken advantage of. When people are on the way up, when they are feeling their position and having their importance in society recognized, not just by talk but by something real like this measure, they become stronger and less subject to abuse at the hands of vested interests.

I should like to quote a sentence or two from an opinion expressed by the joint committee of the labour party and trades union congress in England in 1930 on this matter, when they said:

> During industrial conflicts the unions will be very considerably helped by the existence of such a scheme—

The reference was to children's allowances.

> —since the workers' children will be removed from the firing line and a great factor of weakness thus removed.

I submit that at the present time the worker's bargaining position is weakened by the fact that his wife and children are dependent upon him to the very limit. But if there were a certain amount of independence for his wife and children—I use the words "certain amount" advisedly, because this is not very much in the way of "independence"—it removes his wife and family from the firing line and strengthens the position of the employee in bargaining with his employer.

I submit, for example, that the introduction of unemployment insurance has not weakened, but rather it has strengthened the position of labour and of the trade union movement. The fact is that labour's position and the strength of the trade union movement are much greater in Canada to-day than they ever were. Therefore I am confident that this move will not result in a depression of wages or working conditions. For one thing, as I said at the outset of this section of my remarks, public opinion in Canada and the trade union movement simply would not stand for it.

Another argument which is sometimes used against family allowances in cash is that instead of these allowances we should have improved welfare services. The argument implies that, rather than run the risk of giving cash to people who might not spend it as wisely as they should—a false and unworthy argument—it would be better for the community to organize social and welfare services which will see to it that the proper care is provided for the children. In my view it is not a case of one or the other; we should have both. By this I mean that there are some things which can best be done on a community basis. There are some things which will serve our children best if we have them organized as welfare services. But even after you have done that, we in this country place a very high premium upon family life, upon the independence of the family, upon the relationship between parents and children. Consequently I think it is most desirable that an effort should be made to put into the hands of parents cash to equalize as far as possible the position with respect to their children, and the control of that extra money should be in the hands of the parents themselves. So that I say it is not a case of one or the other of these two things; we should have both; and I trust that in the years which lie ahead we shall have an increase in the amount of the family allowances, and also that as we go along we shall improve the services by which we minister to the needs and the welfare and the health of our children.

Another argument which is sometimes used is that instead of providing family allowances the government should allow wages to go up. That would be a trap for labour to fall into if it did not have its eyes open. As a matter of fact, in the days before we had a wage-freezing policy, in other words when theoretically it was possible for wages to rise, they did not do so. We had thousands of families in this country living under depressed conditions and children suffering from malnutrition.

It is a case not of one or the other but of both. Our economy should be such that the wage income of our workers can increase, and at the same time we need the implementing of this measure so that there may be an equalization of the physical opportunities for children in various families.

There are a few comments which I should like to make about the bill and which I trust the Prime Minister will accept as constructive even though they may seem to be critical. I am not offering these suggestions out of a desire to find something wrong, but rather in the hope that my suggestions may be given consideration. I suppose that the course which will be followed with respect to this measure is this. This bill will be passed substantially in its present form; there may be some minor amendments, although one cannot be too sure of that. It is not to come into effect until July 1, 1945. In the meantime there will be another session of parliament, either of this parliament or the next one. My notion is that in the meantime further study will have been given to some of these matters such as I am going to speak about, and we shall probably have an amending act next year so as to take care of some of these matters before the measure comes into effect.

The first suggestion I would make is that payment of family allowances should be divorced from our income tax structure. As it now stands, it is too complicated and will create some rather odd, if not bad, psychological situations. On the one hand, you have people being given the family allowances —all families where there are children of the prescribed ages. On the other hand, in many cases the family allowance is to be taken back by an offset against income tax exemptions. I submit that that is going to puzzle a good many people and may even have the effect of making them feel that it is not such a good measure after all, and I for one do not want to see a social security measure of this kind come into disrepute in any way. The bill states in section 7, and the government has given publicity to the fact, that no allowances under this measure are to be subject to taxation; but in section 8 of the bill it is provided that there can be the taking back of family allowances as an offset against exemptions or benefits provided under the Income War Tax Act. What you have there is really just a confusion of terms. The allowance is not subject to taxation, and yet roughly speaking, for those with between $1,200 and $1,800 a year, depending upon the number of children in the family and their ages, a portion of that family allowance will be taken back. The bill says it is not taxed. Technically that is correct, but actually a portion of it is taken back; in other words it is taxed. For those with over $1,800, or in some cases a little higher, depending again upon the number of children they have, they receive it and the whole of it is taken back. Technically it is not taxed, and yet it is definitely taken away from them, which amounts to the same thing. My fear about that is that people may develop a dislike for it, and I am concerned that we should avoid anything of that kind about a piece of social security legislation.

Mr. MACKENZIE KING: I think the point the hon. member has raised had better be taken up in committee, because I feel he has not caught the significance of the clauses to which he has referred. For example, to-day there is this exemption under the income tax act for persons with large incomes. He would not feel that the exemption should continue and that those persons should also get the family allowance amount. There would be a duplication in the case of those with large incomes as compared with those who would get the single amount under the family allowance. That is really the point at issue.

Mr. KNOWLES: I agree with the Prime Minister as to the aim of a family allowance, but the point I was trying to suggest was that the method set out in the bill, whereby we give it with one hand and take it back with the other, is likely to result in a dislike for the measure. I would suggest that the payment of allowances should be divorced from the Income War Tax Act altogether and should be on the basis of a ceiling. The government could set $1,800, if you will, or preferably $2,100, or whatever figure they might decide upon, plus $50 or some such amount for each child, and then say to the families of Canada, "You will receive the family allowance provided that the allowance, added to your income, does not bring your total income over the established ceiling." Thus, if the government set $1,800 and $50 for each child, a family with two children would have a ceiling of $1,900. If the family had an income of say $1,500 they would draw the full family allowance at the established rates, and there would be no double bookkeeping, no mix-up with the Income War Tax Act, no making of rebates to the government. It would be their allowance in full, without any income tax strings attached to it. For those fairly close to the ceiling, their allowance would be that much less, so that the total would not be over the ceiling. For those with incomes already over the ceiling, there would be no family allow-

ance, and nothing to repay. The Prime Minister has already indicated that allowances are hardly necessary for those in the higher brackets, if, as is the case, the basic aim of this kind of legislation is to make sure that there will be the funds necessary to provide for the food, clothing and health of the children of this country, no matter what families they are born into.

It seems to me that under the legislation as it is now proposed there are likely to be some rather bad psychological situations. For example, suppose an employee at the present time has one child. That means he would be permitted an exemption of $108 against his income tax. But suppose his income is such that he would not pay $108 income tax but for that child, but only $60. In that event, all he saves in income tax at the present time by having the one child is the $60, which amounts to $5 a month, and because of that exemption he is getting that extra $5 a month in his pay envelope. Now the family allowance scheme comes along and for that one child, assuming he is in the proper age bracket, he will receive $8 a month. But he cannot have both. He cannot have the $5 benefit under the Income War Tax Act and the $8 benefit under the family allowance scheme. One of them has to be adjusted. As the bill now stands, it looks to me as though the income tax exemption will be taken away, with the result that the amount in his pay envelope will actually be reduced by $5 a month. He will be getting $8 of an allowance which he was not getting before. In other words, his net increase will be only $3 a month. I emphasize the bad psychological effect of this if you have an employee getting an allowance cheque of $8 a month but receiving in his pay envelope $5 a month less than he got before. That would easily play into the fear that some people have about this measure, and I suggest that it would be overcome if the government would set this measure up on its own feet and not have it involved as it is in the Income War Tax Act. In reply to the Prime Minister, I say again that I agree with him that those in the upper brackets do not need this assistance, because the object is to equalize the opportunities of children so far as physique and health are concerned. But the simplest and most direct way is to provide an allowance up to a certain ceiling. I hope that if not before the bill passes this session, at any rate before another session, consideration will be given to that proposal.

In connection with the whole matter of relating it to the income tax structure, I must call something further to the attention of the Prime Minister. Yesterday in his remarks the Prime Minister said that this was not a new principle. At page 5329 of *Hansard* he says:

> May I say that the principle of this bill is not new; it has been recognized in our income tax legislation . . .

And also in other ways. Later on he says:

> The principle and its wider application cannot be made too clear. Already this parliament has recognized that, with respect to families, there is an obligation upon the state to assist in the upbringing of children. This has been done in the interests of the parents and the family itself, but more particularly in the interests of the children. But, up to the present time, that obligation has been recognized only with respect to the more fortunate in our country, those who already have an income large enough to be taxable and to entitle them to exemptions according to the number of children in the family. In other words, where the need has been least it has already been recognized.

The Prime Minister said that the principle of government responsibility to families with respect to their children had already been recognized in the Income War Tax Act, but last year, on April 8, when the hon. member for Charlevoix-Saguenay moved an amendment to one of the budget resolutions with respect to this matter, the Minister of Finance (Mr. Ilsley) had this to say in reply, at page 1966:

> I want to say very emphatically that in no income taxation system that ever existed in this or any other country has there been provision for the maintenance of children out of the tax savings.

Further on he said:

> In our taxation system, should we provide that from his taxes a taxpayer shall have deducted an amount sufficient to enable him to support his wife and children? When a person marries he expects and is expected to assume responsibilities. He does not expect the government to assume his responsibilities for him.

And so on. That is the Minister of Finance speaking at page 1966 of *Hansard* of April 8, 1943. One reason for mentioning this is to suggest that the principle was not previously recognized as the Prime Minister said it was if the Minister of Finance was interpreting the income tax laws correctly as recently as last year. My other reason for mentioning this is that I think the Minister of Finance had a point when he suggested that there would be many difficulties if we tried to connect governmental responsibility for children with the income tax legislation. After all, there is nothing sacrosant about the income tax structure that we have at the present time. It has grown up like Topsy. We have the seven per cent or the nine per cent normal tax, which is the successor to the national defence tax

that we had at one time. We have the graduated tax which is the successor to the old annual income tax of former years. We have had those two combined and both of them made deductible at the source. This has all grown out of the increased demands of the war. I suggest that there is nothing sacred or permanent about the income tax structure and that we are heading into administrative difficulties and complications if we try to tie this family allowance system to it. I make a plea for reconsideration of this point and for setting up the allowance scheme on its own feet, with a view to its incorporation later in an all-inclusive social security plan.

A number of hon. members have spoken about the scaling off of the amount of the allowance as the number of children in the family increases. I shall take only a moment on this, but there is one point that I think should be made. The Prime Minister and others on the other side have emphasized the thought that there are some expenses which are not recurrent for the fourth, fifth, sixth or seventh child, and so on, and that when you have six children the average cost for the maintenance of them is not as great as the average cost when you have only two. The point that the Prime Minister and others are forgetting is that when the fifth or sixth child comes into the home there is no extra income there for him. There is no income to be shared. It is already more than absorbed by the number of children who are there; and if it is the desire of the government in this measure to equalize to some extent the advantages and the opportunities of children we should see that the position of a child who is born as the fifth child in a family does not suffer as compared with the child who is born as the second child in a family. I think the whole question of scaling off these allowances as the size of the family increases should be reconsidered, if our interest is not partisan or political or sectional but simply the well-being of all the children of the Dominion of Canada. I emphasize, too, that the administrative bookkeeping difficulties involved will, to a large extent if not wholly, offset the saving to the treasury and I feel that a change should be made on that point and also on the point of varying amounts according to the age of children.

I also support the plea that was made just now by the hon. member for North Battleford (Mrs. Nielsen), and yesterday by the leader of this group for the payment of these allowances to the mother. I heard the statement made by the Prime Minister that it is possible—I believe he was referring to section 10—for arrangements to be made in various sections or provinces of the country for the payment to be made to the father or to the mother, but I feel that that is not good enough. In most, if not in all, countries where family allowances are paid they are paid to the mother and I feel that should be written into the bill itself.

Another point that I hope we will take care of in this bill is our attitude toward illegitimate children. There has been some progress on this point this year in our income tax legislation. We are starting off on something new with this measure. I hope that we shall not carry over into this measure some of the ideas that we have had in bygone years by means of which we have victimized the innocent child. Our concern in this measure all the way through is for the children of Canada. The illegitimate child is illegitimate through no fault of his own and he should be provided with opportunities equal to those of others in so far as that is possible.

In the course of his address yesterday the Prime Minister recited some of the things he had done along the line of social security and concern for the well-being of the people of Canada during his term of office. I am hoping that I may have the Prime Minister's attention for a moment, because this is a point I should like him to note. In reciting his activities in behalf of working people down through the years he made reference at pages 5548-9 of *Hansard* to the first measure in which he interested himself when he came back into parliament in 1919 or 1920. That measure had to do with securing pension rights which had been denied to a group of railway workers because of their participation in a strike of 1910. I knew something of the background of that incident, but I know a lot more now than I did because his reference yesterday prompted me to go and get *Hansard* of that bygone year and look it through. I have in my hand volume 2 of *Hansard* of 1920, and I find that on about fifty or sixty different pages of this volume the Prime Minister put up a heroic fight on behalf of these men. It is good reading. In fact some day I am going to quote some of these passages again. They fit exactly the case that I have taken up in this house twice this year, and since the Prime Minister referred to it I am taking this opportunity to call it to his attention. I suggest that he look up *Hansard* for May 1 and July 24 of this year, where I pleaded the case of the Canadian Pacific employees, particularly in Winnipeg, but throughout western Canada, who have been denied their pension rights because they were out on strike in 1918 or 1919. The company has a technical argument on the

basis of which it has taken an adamant position. That was the situation when the present Prime Minister was putting up his fight in 1920. The Prime Minister, then the leader of the opposition, said on that occasion that whatever the technical position might be, morally these men had a claim, and he insisted upon his right as a member of parliament to fight this thing through until justice was obtained for them. He put up his fight in parliament—

Mr. SPEAKER: The hon. gentleman's time has expired.

Mr. MACKENZIE KING: May I say to my hon. friend, on the matter he has referred to, my recollection is that I claimed that the men had not only a moral right but a legal right. An agreement had been entered into when the strike was called off that the men would be reinstated in their former positions. Their former positions meant that they would be reinstated with all the rights they had at the time they went out. The company after the settlement took the position that the men had lost their pension rights by going out. I claimed that was not reinstating them in their former positions. Their former positions meant that they should get back their pensions. Not only did I succeed in getting that, but their pensions for the intervening period of ten or twelve years were paid. Where some of the men had died in the interval the money to which they had been entitled was paid over to their estates. Where they were living they got what was owing on account of pension with interest, if I am not mistaken.

Mr. KNOWLES: May I have a moment to say that the Prime Minister's recollections are substantially correct, except on this point. I think he will find that he took the position that whether or not there was a legal responsibility in that case, the moral responsibility was so strong that he as a member of parliament intended to fight it through until he won. He did not succeed while he was in the opposition, but when he formed his government in 1921, one of the first things he did was to implement the fight he had put up in 1920. I congratulate him on that. My suggestion is that if now, in 1944, he is going to boast of what he did in 1920, this other case is so strikingly parallel I feel that his government must take a hand in it as well. He cannot rest on past laurels. I have drawn the matter to the attention of the Minister of Labour (Mr. Mitchell) on the two occasions to which I have referred, and I trust the Prime Minister will associate himself with the fight I have been putting up on behalf of these men.

[Mr. Knowles.]

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, we in this group believe that the principle of family allowances paid for in their entirety by the national government is entirely sound, and therefore we will support this bill. However, that does not mean that we are entirely satisfied with all the provisions of the bill, but we will deal with them when we are in committee. Personally I am not very much impressed with most of the criticisms that have been levelled against this measure. For example, it is argued that one of the provinces will benefit to a greater extent than the others. The same people charge that this is a form of appeasement to Quebec. I do not think that is a fair criticism. If the principle of the bill is sound, and I believe it is, that these allowances should be paid as a right, then what difference does it make where children may live, whether they live in the east, west or centre. As time goes on, that is a situation which may very well change. After all, it is a situation that is fully under the control of the people residing in the respective provinces. They can change it as they so desire.

Then it is argued that this will mean a lowering of wages. I agree entirely with the Prime Minister (Mr. Mackenzie King) when he emphasizes the fact that that cannot be the case because it is always understood that an increase in purchasing power will tend to increase production, and that will tend to stimulate employment. Of course when you stimulate employment you strengthen wages. Then again it is argued that it may mean an increase in taxation. So far as that is concerned, I would say, not necessarily so. It will depend entirely on what the financial policy of the government may be after the war. If we are to try to go back to balanced budgets, then in all probability there will be an increase in taxation. Doctor Cyril James, chairman of the advisory committee on reconstruction, emphasized the fact that if we hoped to have full employment after the war we shall probably have to have an increase in the national debt for the next hundred years. Therefore there is no reason why there should be any increase in taxation.

What I do want to emphasize is the fact that if we do have an increase in taxation it will destroy the very thing we are trying to do by this bill, that is, increase the purchasing power of the people. I certainly hope there will be no attempt in this country to increase taxation on the lower income brackets, as has been done in New Zealand. We have a different situation in this country. We can provide

a certain measure of social service at a high level without imposing taxation on the lower income brackets.

I wish to deal very generally with two or three principles of this bill. First of all, it is recognized that childrein are a valuable asset of a nation; therefore steps are needed to safeguard their welfare. It may be said that this is a somewhat niggardly step. Some people emphasize the fact, and I agree with them, that the scale of allowances for large families should be the same as for the small. Nevertheless, this is a step in the right direction. I can assure the Prime Minister that whenever legislation is brought into this house to improve the conditions of the people in any degree, those measures will always receive our support even though they do not go as far as we would like to see them go. It is to be hoped that this measure will be supplemented by many other measures that will help to improve the condition of the mothers and children of this nation.

Women are playing a large part to-day in the industrial life of the nation and I think many of these women will wish to continue to play that part after the war. Many young couples cannot afford to marry and have children unless both members of the family continue to work. Therefore I think better facilities will have to be provided in the future so that the children of young people who are working may be cared for. A more generous policy regarding education will have to be adopted. Greater aid will have to be afforded to the provinces by the federal government so that all children, no matter what the financial standing of their parents may be, will be able to go forward and take advantage of higher education.

This measure recognizes the fact that the internal buying power of the people will have to be raised. The Prime Minister referred to that in his speech. We in this group in the past have emphasized the fact that because of certain practices which are inherent in our capitalist system, industry has not been able to maintain an effective demand for its own production except in times of abnormal capital goods production, such as takes place in war-time or when a country is being newly developed. We are faced with one of two alternatives.

Either we must try to maintain large favourable balances of trade or carry out large foreign investments or, on the other hand, we must take steps to increase the purchasing power of the people. I think we realize that foreign investments cannot be looked upon as a long-term solution. When the countries to which you lend money repay that money, then the country that has made the loan not only will have to accept imports in exchange for its exports but will also have to accept imports in payment of the loan. That further aggravates the situation which may exist.

I think it is generally recognized to-day that we must accept imports in payment for our exports. In the past we have looked upon foreign markets as a means of disposing of our production, as a means of exchanging our production for the production of other nations. In order to make it possible for us to exchange our production for the production of other nations we shall have to take the necessary steps to increase the purchasing power of the people to the point where we can at all times maintain an effective demand against the production of the country. Family allowances are just one of those steps that are necessary in order to increase the purchasing power of our people.

Large scale national projects will have to be introduced after the war. While the war is still continuing, the government should bring in as many new measures regarding social service as possible. As the Prime Minister has said on several occasions, unless the new social order is well on its way before the end of the war we may look for it in vain. Unless we can assure the people that we are really sincere when we talk about a new social order we may very well destroy the confidence of the people. That will have a great effect on the minds of the people as to what is going to happen after the war.

If, on the other hand, we can start now to bring down these essential reforms in the economic life of the country, I think we can hope to maintain confidence throughout the country and make the people realize that we really are sincere when we pass such measures as the Atlantic charter. The Atlantic charter refers to all nations, and that, of course, includes Canada.

I could not help being amused when I heard the Prime Minister refer to the allowances being a right and not a charity. I agree wholeheartedly with the Prime Minister, but I recall in the depression years when members of this group suggested again and again that money should be paid outside the industrial system directly to the people we were taunted with the statement that we were advocating giving something for nothing. I am glad the same people are not making that charge to-day. I think we all realize the absolute need for measures of this kind. I can assure the Prime Minister that he will receive the full support of this group in connection with this and similar measures.

This measure may be regarded as the thin end of the wedge, which will have to be steadily expanded. When we recall that to-day 50 per cent of the production of the nation is going for war purposes, then I think we can realize how greatly the purchasing power of the people of Canada will have to be expanded if we are to provide markets for the total production of the nation after the war.

We agree wholeheartedly with the point raised by the hon. member for North Battleford (Mrs. Nielsen) in connection with allowances being paid to wives instead of to husbands. However, the discussion of that and other points I shall leave until we reach the committee stage.

Mr. J. ARMAND CHOQUETTE (Stanstead) (Translation): Mr. Speaker, in a speech which I made in this house on February 3 last, I reminded the government of the need of helping Canadian families whom economic conditions, more especially in peace time, prevent from giving their children proper care and education.

At the time, I said:

That is why we, the supporters of the Bloc Populaire, have included family allowances in our programme.

And referring to the speech from the throne in which the government announced it would introduce family allowances I added:

But let there be no infringement on the rights of the provinces because we hold autonomy as a sacred right.

We are against centralization. And, according to the spirit and letter of the British North America Act of 1867, these matters, for historical reasons known to all, come under the exclusive jurisdiction of the provinces.

Well, bill 161 (in sections 4, 5, 6 and subsections 2 and 10 of section 8) clearly sets forth the dominion government's absolute control over family allowances. It is granted the sole administration and distribution of these benefits. Under the provisions of this bill, the federal government alone will have the power of settling the terms of payment. People who might consider themselves wronged are prevented from appealing to ordinary courts, whether provincial or federal.

The proposed plan, moreover, empowers this government to interfere in a roundabout way with our provincial educational system, for subsection 2 of section 4 indirectly sets up compulsory education.

We were entitled to expect that the proposal would at least grant equal subsidies to all children; better still, one might have thought that, in order to remedy present inequalities, the government would provide a scale of allowances rising in proportion to the number of children, that the allowance would be smaller for the first few because the head of the family is generally in a position to support them at least partially. Well, the proposed scheme works quite the opposite way. It grants the full amount to the first four children and then progressively reduces the scale of payments for the others. The Rev. Father Lebel, S.J., general chaplain of the Catholic Farmers' Union, who has investigated this question for a number of years, writes as follows in *La Terre de Chez Nous,* issue of July 19, 1944. I quote from an article entitled "Equality or Inequality":

It follows that all the children of medium-sized Canadian families who, as a rule, could do without the allowances, will receive, in the course of a period of 192 months, during which they will be entitled to the payments, a sum of $1,188. In large families, the fifth child will get $192 less, or $996; the sixth and seventh will have their grants reduced by $384 and will receive only $804. As for the eighth and other children, their allowances will be less than half that of the first four, that is $576.

This is indeed an extraordinary way of understanding the equality of opportunity. One might even wonder whether the excerpt quoted at the beginning of the article is not a typographical error, meaning inequality of opportunity instead of "equality" as printed. Indeed, in view of the above figures, the equality of opportunity referred to in the resolution becomes a lurid joke which will surely not be appreciated by the heads of large families in the various Canadian constituencies and racial groups, especially in the agricultural class where a family of more than five children is just about the average.

The heads of large families will have the more reason to find this joke rather galling, because they realize the weight of the tax burden imposed on them by the dominion government in opposition to the principle of distributive justice. All theologians, philosophers and sociologists contend that distributive justice demand that the legislator distribute taxes for the financial administration of the state according to the paying capacity of every citizen. On the other hand, it is evident that, for similar incomes, the citizen with no dependents enjoys greater resources than the head of a large family, who, however, is bearing the heaviest burden of consumer taxes. . . .

Many of the countries which have established the allowance system, have adopted a uniform rate, but a majority of them have thought it preferable to set a progressive rate which sociologists have no difficulty to justify by adducing sound reasons:

"The family allowance", they say, "is a remuneration whose purpose is to help heads of families to fulfil their duties toward their children when they do not have enough resources to do so properly and to the advantage of society.

"Now, the income of heads of families is generally sufficient to provide for the needs of the first children. That is why, in certain countries, the first and sometimes the second child have been excluded as regards the payment of the allowances.

"In those cases where it has been decided to begin with the first child, a rate was adopted which increases progressively up to the third or fourth child; thereafter, the rate remains uniform, because, in general, the salary is quite insufficient to cover the needs of each of the additional children."

Should Canada adopt a progressive rate rather than the uniform rate proposed by Dr. Marsh?

I, for one, am in favour of the establishment of a progressive or a uniform rate for family allowances, but the idea of establishing a decreasing rate is so foolish that no country has put it into practice so far. Nevertheless, I am in favour of the principle of this bill and I shall certainly not vote against it, because we have for a long time claimed that help should be extended to large families.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. GRAYDON: Mr. Speaker, I rise on a question of privilege. During the debate this afternoon, the hon. member for St. Lawrence-St. George (Mr. Claxton) quoted from my address of yesterday, as found on page 5343 of *Hansard* as follows:

It denies the basic principle of social justice.

He then paused, and instead of completing the quotation proceeded to place a wholly erroneous interpretation upon the remarks I had made in support of the quoted contention.

I know that no hon. member would do so intentionally, but I cannot allow his words to replace my own, so far as my argument on that occasion is concerned.

Reference to *Hansard's* report of this afternoon's proceedings reveals that the hon. member stated that one of my objections to the measure was that it treated all people alike, leaving the clear inference that I desired to see favoured treatment accorded to some citizens as opposed to others. He then proceeded to criticize my alleged stand.

No such inference can properly be drawn from any remarks of mine, and I desire now to quote my exact words from yesterday's debate in this house. I said, at page 5343 of *Hansard*:

It denies the basic principles of social justice. Such justice calls not for the mass treatment of all people as the same, such as marked unemployment relief, but for treating life as it is, individually and the needs of families differently as they are different. The needs of a family in the winter in my part of Ontario are different from those in the far north. Families in a teeming slum and families in the Okanagan; families in the eastern townships and families in Cape Breton's mining or fishing villages, have very different needs. This scheme lumps them all together and gives the same grant to all. Could the injustice be more patently apparent?

Surely nothing could be plainer. The needs of families vary greatly. To pay every family of equal size and age the same amount, as this bill provides, is mass treatment of all people regardless of their widely different needs, some being vastly greater than others, and because of this, in the final result the bill does not treat all people alike. Equal allowances paid to families in unequal circumstances and conditions do not constitute equal treatment at all.

To draw any other inference from my remarks is but a play on words and does not represent the true intention of my remarks.

Mr. GASPARD FAUTEUX (St. Mary): Mr. Speaker, I feel that a good deal of unnecessary controversy has grown up around this question of family allowances through the introduction of comparatively unessential side issues which themselves are much more debatable than the basic question at issue. I hope, therefore, that I may be forgiven if in the few words I have to offer I try to narrow the question down to the essential points at issue and to show that there is little or no room for argument as to the basic principle of the family allowances. Thereafter I might perhaps be permitted to offer a few personal suggestions, not as to the principle at stake, but as to the best means of attaining the object in view.

Permit me then to stipulate at the outset that this is not primarily a labour question; it is not primarily a capital question; it is not primarily an economic question or problem; it is not even a farmer's problem. It is first and foremost a question of the welfare of our children. Do I have to prove that by lengthy logic? I dare anyone to suggest that the family allowance should be given in order to increase the income of the working man. I will go farther and say that any measure providing for family allowances should be accompanied by protective provisions which would prevent any unscrupulous person or group of persons from exploiting it as a sort of substitute for fair and honest wages.

Nor can anyone claim that giving allowances to heads of large families will solve any of the nation's economic woes; because, if that could be demonstrated, we would have then to admit that the late Hon. William Aberhart had an even better, because more far-reaching solution.

Neither is it a women's question, except to the extent that our mothers are generally far more interested in the welfare of their children than in their own. The family allowance will neither relieve the discomforts of gestation nor greatly lighten the burden of bringing up the children, particularly that part of such burden —and it is by far the greater part—which devolves upon the mother.

It is essentially a children's problem. The basic purpose of the family allowance is to even up differences which should not exist, but which unfortunately do, between one child and another, if not at birth at least within half an hour after birth, and to bring a little nearer to genuine, practical verity that noble principle laid down in the first national document of our great neighbour state to the south—that all men are born free and equal; for, although it may be possible to produce arguments which will prove, in theory, that because prince and peasant alike come into the world naked and in need of a bath they are at that moment equal, yet I think it can be demonstrated that by the time the babies have gone home from hospital—supposing for the moment that they all were in a position to enjoy the privilege of entering the world in a nice bright hygienic hospital which, of course, is really not true—the inequalities already begin to show themselves.

One needs only to compare the meticulous care and the lavish devotion which the whole family gives to the first-born with the relatively summary treatment accorded to the tenth to realize what I mean by that observation. My wife tells me that the second child has a great advantage over the first, because its parents know how to apply that triangular garment which is a baby's first introduction to conventional decency without sticking the pin into its tender flesh. With the exception, however, of the comparatively few who happen to drop down the chimney of a penthouse apartment or a sixteen-room mansion, all the subsequent children suffer a definite disadvantage as compared with the first two, and those who drop down the chimney of the west-end mansion have a distinct advantage over those who are born into a working man's home down east or a colonist's cabin up north in the backwoods. We cannot hope ever to wipe out all these inequalities. Some of us have good mothers and some of us have better mothers. Some have good fathers; others are not so good; and no amount of legislation will convert a bad father into a good one, or cause the good father to have more children than the bad one. The experience of other countries tends to show that even family allowances do not have any noticeable effect on the number of children any group of parents will have. No law has yet been conceived that will change the old jesting adage, "The rich get richer and the poor get children". Whoever is to blame for that, of one thing we may be unanimously and entirely certain, it is not the fault of the children.

Hence, Mr. Speaker, it is definitely incumbent upon us to do what we can and all we can to see that the innocent do not suffer from a circumstance which may or may not result from some form of guilt. The one way in which we can best do that is, in my opinion, by providing the means whereby those children may enjoy the very best training and development of both their bodies and their minds, and that is where the family allowance comes into the picture.

The training and development of the body and the mind imply an abundance of good food, exercise, suitable clothing, sunshine, supervised play, medical, dental, ocular and psychiatric supervision, regular school attendance and adequate facilities for home study. Many of these things are given free throughout Canada, but still they are not equal. For instance, free education costs quite a bit more for a little boy in the city in which I reside, in the division which I have the honour to represent in this house, than it does, for instance, in the city of Toronto, because climatic conditions make it more costly to dress a child so that he can go to school in safety and comfort in Montreal's ruder climate than it does in the Queen City. And still further north, in the neighbourhood of Chicoutimi and the lake St. John cities and towns, or in the northern mining towns of Ontario, it costs still more. Likewise God's glorious sunshine is free to all, but it costs money to buy the little garments which will let the baby get the benefit of the sunshine without shocking the neighbours.

We have free clinics and health centres in many parts of Canada. I hope to live to see the day when every corner of this great dominion will be equipped with the necessary staff and supplies to give medical and dental supplies to every child in the neighbourhood. But the child cannot make proper use of the advice there given unless the money is available to buy whatever is prescribed. When he leaves the hospital aged ten days, for instance, the hospital probably charges him twenty-five cents for his "formula". If his parents are poor, maybe the hospital will not charge anything, but the corner grocer and the drugstore will continue charging for that "formula"

until he is a year old or maybe older. What will happen if his parents have not the money to buy the stuff indicated on his "formula"?

When a family allowance is given to every child in the country, and when the family allowance is definitely earmarked to be expended exclusively and solely for the benefit of that child, these basic inequalities disappear. Some children may still enjoy the luxury of a private child specialist, while others have to go to the baby welfare, but they will both be weighed on the same kind of scales and both will be able to get the foods and formulae that the doctor advises, because they will both have a little monthly allowance specially earmarked for that purpose. There may still grow up a generation of men and women—

Mr. HOMUTH: Mr. Speaker, I rise to a point of order. Is the hon. member reading his speech? I ask because much objection was taken last night to an hon. member of our party reading his speech. It looks as though the hon. member is reading his speech, and, if so, I object strenuously to it.

Mr. FAUTEUX: Mr. Speaker, I am sorry that my hon. friend interrupted me. Because I am speaking in English—it is very hard—I am reading my speech. As my hon. friend knows, I am a French-Canadian, and I believe that in spite of the fact that we can speak both French and English in this house, I must talk English to be understood, so that I talk English.

Mr. HOMUTH: I still rise to a point of order. Regardless of whether the hon. member speaks French or English, there is a rule for everybody in this house, and I would ask Your Honour to decide whether or not the hon. member is reading his speech, because last night one of the outstanding members of the Liberal party who is always ready to criticize others rose in his place in this house and criticized one of our members for reading his speech. I told him last night that from now on, when anybody on the other side of the chamber reads his speech, I am going to object to it.

Some hon. MEMBERS: Go ahead.

Mr. FAUTEUX: I will obey the rules of this house and I will not read my speech any more. I will, however, ask the house to be generous enough to let me continue in French, and I may be able to sell a few ideas to my hon. friend which it will be too bad that he will not understand, but which he can see tomorrow in *Hansard*.

(Translation): Mr. Speaker, in order to comply with the rules of this house, I shall put aside the speech which I had carefully prepared for the benefit both of this house and of the constituents whom it is my privilege to represent. However, I shall revert to my mother tongue for I admit frankly that I shall thus express myself with much greater ease and, if I may say so in all modesty, my speech will be more forceful than if I were to speak in a language with which I am not thoroughly conversant. However, I shall be compelled to set aside the arguments which I had started to expound.

Since the present measure has been submitted to the house, we have heard very interesting arguments. The various political groups have approved with some qualification the principle of the bill. With your permission, Mr. Speaker, I should like to take this opportunity of challenging some of the uncalled for remarks which were made during this debate. A moment ago, I touched upon the subject of national unity. I take the liberty of bringing it up because it is with deep regret and dismay that I have heard certain remarks made by the hon. member for Parkdale (Mr. Bruce). I am sorry those remarks were made for, as I have stated previously in this house, I prize more highly national unity than the seat which I hold or my political career or even the party to which I have the honour of belonging.

Before broaching this subject, I am anxious to take all necessary precautions because I much prefer winning over my opponents with a smile to insulting them. I wish to be cautious, as I am fully aware of the fact that the hon. member for Parkdale is a prominent medical practitioner and that he has played an outstanding part in the civil administration of his province, nevertheless I deem it my duty to challenge at least some of the remarks which he made in this house yesterday in regard to my province. I wish to quote the part of his speech to which I take exception:

> Mr. Bruce: I would ask, Mr. Speaker, whether it would be improper to suggest that it may have some connection with an election in an adjoining province, when it is hoped that this bill will assist the return of a Liberal government. That province because of its large families will derive the greatest benefit from this measure, at the expense of the other provinces, particularly Ontario, which pays one-half of the taxes of Canada.

And further on he stated:

> I am afraid that if these cash payments are to be made on this basis they will not fulfil their objective, for the money will not go to the provinces which did most of the fighting and suffered most of the casualties.

I could quote further excerpts from the speech of the hon. member for Parkdale, but these are sufficient. Is it possible that such a distinguished member of the house should even think of criticizing this bill whereby the government of this country seeks to help large families, whereby it expects to help young children who did not ask to be brought into the world, whereby it seeks to increase the birth rate? Is it possible that a physician who has undoubtedly received in his office expectant mothers worrying over the birth of their child and wondering if they would have enough money for its care and support, could criticize this bill which may help a province in which there are large families, under the pretence that it has not, as he claims, done its full share in support of the war effort.

Mr. Speaker, could there be anything more humiliating and disheartening for all those members of the province of Quebec who sit in this house and who have supported wholeheartedly the war effort of the government and of this country? Could there be anything more humiliating for all those members of Quebec who have done their utmost in all parts of the province to bring home to our people the importance of getting behind the government and the country in this tremendous war effort so that we may achieve victory. But, Mr. Speaker, can the loyalty of the province of Quebec be judged by the few extremists who give the impression that Quebec is not one hundred per cent behind the war effort? Would we be justified in believing that all Canadians are against the province of Quebec because a few extremists in Ontario or elsewhere criticize our province?

Mr. Speaker, this legislation should afford us much satisfaction. I, for one, am pleased with it; not only for the province of Quebec, but for all Canada. I was pleased to hear last night what the Right Honourable the Prime Minister (Mr. Mackenzie King) had to say in reply to certain charges uttered by people who said that this bill had been introduced in the house as a bribery, to use their own expression, in view of the next dominion election, or, again, to help Mr. Godbout in his Quebec election campaign. I commend the prime minister for having brought down this measure in the interests not only of the province of Quebec but of Canada as a whole. As was so aptly said, nothing could be more necessary, nothing could be more useful to this country than children. Some people would like to see Canada increase its population through immigration, but nothing that the governments might do could be more helpful than family allowances. They will thus increase the birth rate and ensure to newborn children health, clothing, shelter, education and everything they need.

It has also been said that this measure would perhaps help Mr. Godbout to be reelected. Well, Mr. Speaker, since the subject has been broached, I say that, to my mind, every Canadian, irrespective of his party affiliation, every Canadian who is really in favour of harmony and national unity in this country, must wholeheartedly desire the reelection of Mr. Godbout, who is the only one among the three Quebec party leaders who is fully behind Canada's war effort and who truly supports every movement in favour of national unity and harmony in this country.

Mr. Speaker, I hope I have not been too fiery and that it will be understood that I do not want charges to be wrongfully levelled against my province, no more than I would tolerate that people from my province should level accusations against another. I believe that all provinces have heeded the call of duty, that all have done their share by giving their sons, their money and their toil in support of this country's war effort. Instead of criticizing each other let us be tolerant. I shall conclude by quoting these words from a Quebec statesman which I would like to hear more frequently in this house and elsewhere, and which, to my mind, should be adopted as a motto in the interests of unity from one end of the country to the other:

Fellow Canadians, let us put a stop to our internecine strife; let us unite!

(Text):

Mr. FRED ROSE (Cartier): I fully support the measure for family allowances; in fact I did so quite a few months ago in my speech on the address in reply to the speech from the throne. At that time I said the following about family allowances:

I welcome the promises of far-reaching reforms contained in the speech from the throne. Without such reforms . . . we cannot hope to have national unity. The promise of family allowances is good. . . . But family allowances must not replace measures for increased wages for labour. Family allowances must not become a bonus to employers, but must be a few extra dollars to people whereby they can buy more milk and more nutrition for their families.

I made that speech four days after I had the honour of coming into this house as a member. Even at that time there were certain leaders of trade unions who had made remarks against family allowances. Despite the fact that I felt some of them might attack me for my attitude, I believed that my position was the correct one. I was very much surprised that trade union leaders should have

made remarks against family allowances. It was not a problem of my position; it was not a problem of any one labour leader; it was the problem of the Canadian people. I considered from the start that family allowances were in the best interests of the people as a whole. But not long ago, in fact only last month I was again surprised to read certain remarks made by certain leaders of trade unions, remarks which I hope they made after not too much thinking. I hope they have changed their minds with regard to the statements they made on June 22.

J. W. Buckley, secretary of the Toronto trades and labour council, is quoted by the Ottawa *Journal* of June 22 as saying:

> Aid to families with children is unnecessary if the wage-earners of the families make decent wages. All organized labour has flatly opposed grants which subsidize poverty and low wages and undermine incentive to self-improvement of living conditions.

I do not know what prompted Mr. Buckley to make such a statement. He is a mature, responsible labour leader.

Mr. HOMUTH: He was right.

Mr. ROSE: You would agree with that.

Mr. GRANT: He must be a Tory.

Mr. ROSE: No, he is not. The fact is, I would say, that Mr. Buckley had not thought very seriously about the problem when he made that statement.

Mr. HOMUTH: He has fought labour battles longer than any labour leader in this house.

Mr. ROSE: I would say that any mature labour leader knows that organized labour will look after the problem of wages. A strong trade union movement has always been the best guarantee for good wages and conditions.

Mr. HOMUTH: Have they done that in Quebec?

Mr. SPEAKER: Order.

Mr. ROSE: Our organized trade unions have done much more for the workers in the province of Quebec than any loud-mouthed group have done. I have said that in the past in this house. On the other hand, what I found most regrettable in Mr. Buckley's remarks is the following:

> This looks like a subsidization of one province by the others, deduction from the pay envelopes of Ontario and the rest of Canada to maintain low standards and wages in Quebec.

I am not surprised when such statements come from some of the hon. members to my right, but I am shocked when such remarks come from a leader of a trade union movement, because I have found in the trade union movement the best instrument in the fight for Canadian unity. I have known of cases where workers from one province would come to the aid of workers in another province when they were involved in a battle for better conditions. The Trades and Labour Congress of Canada and the Canadian Congress of Labour have taken the stand that wages in Quebec should be the same as wages elsewhere in Canada. I am, therefore, quite shocked to find a labour leader resorting to the argument that this is to subsidize Quebec at the expense of the rest of Canada. Practically a similar statement was made by another leader, C. H. Millard, according to the same issue of the Ottawa *Journal*. He said:

> That allowances will serve under the present circumstances as an indirect subsidy to employers in the textile and other low paid industries.

Labour will welcome family allowances. Labour will strengthen its ranks in its trade union movement. Labour will welcome all progressive social security measures. Organized labour will win minimum wage scales which will be much higher than they are at the present time. I have much confidence that such changes will come about. I have even more confidence, after the statement made by the Prime Minister (Mr. Mackenzie King) in this house yesterday that labour will be even more reassured. I was very much pleased to hear that fighting speech, a speech that I considered to be in line with the new times. There is no sense in anyone trying to say that this is politics, or that somebody wants to play politics. This is a change that has taken place all over the world. The whole world is marching forward, and, as I said before, those who do not want to go forward will be left behind. It is happening all around us and we in Canada must realize that we have no Chinese wall around us. We, too, are affected by the changes that are taking place in the world and, no matter from what part of the house reform measures come, we must welcome them, no matter what party introduces them. None of us has any monopoly on reform. If others want to introduce them we welcome them because the people will welcome them.

I was not surprised to hear some of the hon. members opposing the measure by threatening the people of Canada with bureaucracy. In fact I said that in my speech on reconstruction. In that speech I said that certain elements will come out and speak against reform measures because they are going to be carried through by a bureaucracy. I foretold that a few weeks ago. Yesterday I was

confirmed in my statement. In this war certain measures were necessary to carry on the war effort. I would say that if in the future some measures of control are necessary, if those controls will be in the interests of the people, the people will accept them. That is the only way to look at the problem. What the people want are measures of reform. If those measures of reform mean that the people will have to pay a little more in taxes, they will pay them if the reform brings social security. They will accept, if necessary, a certain amount of rationing if that is in their interest. That is the way we must regard the problem. The period of freebootery, as Vice-President Wallace calls it, is not now; that period is over. Government intervention will be necessary in order to fill the gap, to give jobs and security to the people. I consider family allowances as one of the finest means to create employment.

The people who receive this money will not put it away in the bank. The people who receive this money will not spend it on travel overseas or for luxuries. The money they receive will be paid into the stores. It will be paid into the tailor shops to buy clothing. Then the tailor will pay it to somebody else and the money will circulate. That is the best part of it all, and that is why it will create more employment than would $200,000,000 spent in any other way.

Family allowances will strengthen rather than weaken national unity. It will not weaken it, as the house leader of the Progressive Conservative party has said. Why will it strengthen it? There cannot be national unity when one group does not enjoy the same privileges as a group somewhere else. National unity is not something you can play with. You cannot create national unity by just talking about it. You will not get it in that way. We need new ways that will make our people feel that they are equal to the citizens of Ontario or the citizens of British Columbia. That is the way to get national unity. Give the people an opportunity to feel that here is a government that considers their plight and is taking measures to remedy it. That will give them faith in democracy. That is the way to approach the problem of national unity.

It is unfortunate that we have people who say that family allowances are being used to subsidize Quebec. It is not to subsidize Quebec; it is to subsidize Canadians who need these subsidies. What do the large families of Quebec do? Do they sit back? Do they play around all the time? Do they not produce for Canada. Have not the farmers' sons and daughters of Quebec gone into the factories to produce the weapons of war? Who has filled the most shells in this country? It is the sons and daughters of Quebec. Who has built tanks and guns for our army? The sons and daughters of Quebec. They are doing useful work. Why try to divide the country and say that these family allowances are to subsidize one province? We must think of our people as Canadians and stop thinking of them as people of Ontario and people of Quebec.

I do not want to speak much longer on this point. I came across a very fine editorial in *Saturday Night* dealing with family allowances and referring to those people who say that family allowances is a sop to or a subsidy for Quebec. I do not know who wrote this editorial, but it sounds like Sandwell's language. He has a very fine approach toward the problem of the unity of Canada. The editorial reads:

> We shall have a Canadian nation only when we can feel, pretty generally, that a Canadian child is a Canadian child and entitled to certain economic advantages, whether he is French or Scottish or Ukrainian by racial origin, whether he is in Quebec or Alberta, whether he is the son of a Roman Catholic or a Lutheran or even a Marxian communist. We can hasten that time, or we can defer it, by our attitude on this legislation.

I agree wholeheartedly with the attitude expressed in that editorial.

There are a few things in the bill I am not too sure about. The hon. member for North Battleford (Mrs. Nielsen) referred to the different rates for different ages. I have one child and I know that a young child needs special food. Younger children require entirely different foods from those required by grown-ups. Special canned foods that are put out for small children are quite expensive. Codliver oil is expensive. I was surprised the other day when I had to pay $4 to $5 for a pair of shoes for a small child. And then a small child will kill a pair of shoes in no time at all. Considering it from that point of view, I cannot understand why $5 should be paid for younger children and $8 for the older.

A complicated accounting system will be necessary. Considering it from all angles, I would say it would be worth while to have a flat rate of $8 for all children. In supporting this measure I make an appeal to all. We should put the measure through as soon as possible and let the people of Canada feel that no group in Canada stands in the way of a measure so necessary for the welfare of the country.

If anyone has any doubt as to the effect of family allowances upon health, I should like to give some figures which were furnished me

by a prominent French-Canadian doctor in Montreal. They give the rate of infant mortality in the different parts of the city. In the east end, where the poorer people live, the rate was 81·2 per hundred thousand live births. In Notre Dame de Grace, where we have the middle-class, the rate was 49 per hundred thousand live births. Then in Westmount, where the wealthy live, the rate is 30. The difference in these rates is due to the difference in incomes. I hope that family allowances will help to make up part of those differences. Family allowances is just one of the many measures that should be passed to give everyone in Canada a greater opportunity to live and live happily.

Mr. HUGHES CLEAVER (Halton): Mr. Speaker, before entering into a discussion with respect to the arguments which have been advanced by two members of the Conservative party in opposition to family allowances, I should like to take a moment to outline the nature of the plan. Under this plan it is proposed that cheques will go monthly to the parents of all children under the age of sixteen years. These payments will be $5 a month with respect to all children under six years of age; $6 a month with respect to children under ten years of age; $7 a month with respect to children under 13 years of age, and $8 a month with respect to all children over 13 years of age. These monthly cheques for family allowances are to be paid to every parent in Canada. Rich or poor—everyone is to receive his cheque.

Mr. HOMUTH: No, no; it is predicated upon their income position.

Mr. CLEAVER: I wonder if the hon. member for Waterloo South will be content to wait a moment. It should be said at once that those who do not need the family allowances will not profit financially from the cheques they receive. This result will, I believe, meet with almost universal approval in Canada, even though it may not meet with the approval of the hon. member who interrupted me a moment ago.

Mr. HOMUTH: I just wish to keep the record straight.

Mr. CLEAVER: You just wanted to talk, I fancy. As I view the situation, the government had two options. One option was that everyone would receive a payment, and that no means test would be required. No one would be placed in the embarrassing or uncomfortable position of having to account from time to time with respect to his financial position, or need for the payments. All of that was brushed aside in the forthright scheme and proposal we now have before us. Under it everyone is to receive payment; and so far as the family allowances bill is concerned, there are no restrictions in that regard.

Mr. HOMUTH: No, no, no.

Mr. CLEAVER: But when the taxpayer makes up his income tax return and when he asks for dependents' allowance with respect to his children, then he must deduct from the amount of the dependents' allowance which he claims under the income tax law the amount he has received by way of family allowance cheques. I do not know of any finer manner in which the desired result could be obtained. We are not subjecting anyone to a means test. This money is not, however, being wasted. It will be paid to everyone, but will be kept only by those who need it.

There has been quite a little discussion in the press, some of it very misleading, as to just what the benefits are. I should like to take time for a moment or two to place those benefits on record. Much has been said about large families in Canada. I should like, therefore, to place upon the record the maximum amount of family allowances payable with respect to a family of fifteen children which, I take it, would be the maximum family, unless there were dual or triple births. This is a table showing the amount of payments to the fifteen children at their respective ages:

Child	Years of age	Payment per month
No. 1	15	$8
No. 2	14	8
No. 3	13	8
No. 4	12	7
No. 5	11	6
No. 6	10	5
No. 7	9	4
No. 8	8	3
No. 9	7	3
No. 10	6	3
No. 11	5	2
No. 12	4	2
No. 13	3	2
No. 14	2	2
No. 15	1	2

The total monthly payment with respect to that family of fifteen amounts to $65.

I should like next to put on the record—and I am coming back to this for the benefit of my hon. friend who has interrupted—

Mr. HOMUTH: I do not wish to interrupt my hon. friend, but would he answer a question? I believe it is pertinent to what he is saying.

Mr. CLEAVER: I shall be glad to do so.

Mr. HOMUTH: Supposing that family is in a province where the compulsory school

age is fourteen years of age or under, and the children are earning money; what is the situation then?

Mr. CLEAVER: I will let my hon. friend worry himself with the answer to that question.

Mr. HOMUTH: I am not worrying.

Mr. CLEAVER: I am just going to refer him to something that happened 110 years ago.

Mr. HOMUTH: Oh, listen, we are looking to 1947.

Mr. CLEAVER: In 1833 the first factories act was passed, and the government of the day thought they were making very good progress when they passed that act, which provided that no child under nine years of age should be employed in a factory, and provided further that the hours of labour for children from nine to thirteen years should be limited to forty-eight hours a week, and those of children from thirteen to eighteen should be limited to sixty-nine hours a week. I would suggest that my hon. friend read *Hansard* as to what took place when that act was passed. I am going to let him answer his own problems.

Mr. HOMUTH: That was before we were born.

Mr. CLEAVER: I should like to place on *Hansard* a record as to the maximum amounts which different sized families could receive under the family allowances bill. The amounts are as follows:

No. of children in family	Maximum amount received yearly
1	$ 96
3	288
5	444
7	552
9	624
11	684
13	732
15	780

At this point I should like to answer one argument advanced in opposition to the measure, an argument which has been suggested by a question asked by the hon. member for Waterloo South. It will be noticed from these figures that the maximum amount the large family of fifteen could obtain, the large family we have heard so much about, is $780 a year. If we go to the province of Ontario and take the normal family of five children found in that province, and divide those fifteen Quebec children I have just been talking about among three families of five in Ontario, what would they receive? The payments in respect of those same fifteen children in Ontario would be, not $780 a year but $1,128, or an increase of $348. I think that has some bearing on the argument.

Mr. HOMUTH: It has no bearing at all; what are you trying to get at?

Mr. SPEAKER: Order.

Mr. CLEAVER: It is also provided in the bill that family allowances are not income for purposes of income tax. The estimated cost of the plan is somewhere between $250,000,000 and $260,000,000 annually, from which it is estimated that there will be a rebate of $50,000,000 in round figures.

Mr. HOMUTH: By taxation.

Mr. SPEAKER: Order. The hon. member must allow the hon. gentleman who is now speaking to speak without interruption. I must insist that the hon. member do not interrupt again.

Mr. HOMUTH: I am sorry, Mr. Speaker, but he is so wrong that I felt I ought to correct him.

Mr. SPEAKER: The hon. gentleman will have an opportunity of making his reply if he so wishes, but the hon. gentleman who is now speaking has the floor and must have it uninterrupted.

Mr. CLEAVER: Thank you, Mr. Speaker, but if any hon. member at any time wishes to ask a question and has the courtesy to rise in his place I shall be glad to answer it.

I was saying that the total cost will range between $250,000,000 and $260,000,000 annually, and it is estimated that roughly $50,000,000 will come back by way of income tax, so that this amount should be deducted in order to arrive at the net cost of the plan to Canada.

I want to say right here that nothing has taken place since I first came into this house after the 1935 elections which has given me greater pleasure than the opportunity which I now have of supporting this family allowance measure. When I think of the benefits in the form of human happiness that will flow from this bill I feel that the entire nine years would have been well spent if I had done nothing other than simply be here in the ninth year to support this measure. Those of us who are in this house are past the age when anything can be done to benefit us by way of improved nutrition, further education or anything of that sort; but the young children of to-day—and I have in mind particularly the very young—are at an age where, if they do not receive sufficient nutritious food, their lives may be ruined. Any child who is denied the benefits of modern educational facilities starts

unfairly handicapped in the struggle of life. When I think of the fact that what we are doing now by this bill will ensure to every Canadian child sufficient proper food, sufficient clothing and decent housing conditions, I repeat again that we cannot estimate the wealth of human happiness that will flow directly from this measure.

Practically all the discussion down to the present has centred on the factory worker. I should like to call the attention of the house to the fact that Canada is an agricultural country. One-half of the people in my riding live on farms, and one-half of the children in my riding who would benefit from this family allowance are children who are being brought up on farms. We all know what a small cash income the 100-acre farmer engaged in mixed farming has. We know what this should mean to a farmer with four small children who is struggling along and just getting by in making his payments on his mortgage, paying his taxes and trying to rear his children. Think of what an extra $440 a year coming in in cash, and coming in in such a way that none of it can be taken from him, will mean to that man.

I like this plan. I like this type of legislation because to me it is an honest and sincere facing up to the facts of life in this country. Whether we like it or not, there are people in Canada who, on account of their mental equipment or on account of their preferred standing in life at birth, or who perhaps because they are a little more selfish than the rest of us, yearly take unto themselves considerably more than their just share of the national income. In addition to that, there are corporations which by monopoly control, by patent rights which they own, by unfair practices of big business or otherwise, take to themselves much more of the national income in the way of profits than they should. What is the result? The result is that we have many people in Canada to-day—and it was very noticeable during the depression—who are in the low income groups and have not enough to live on.

Mr. HOMUTH: You belong to the government. Why did you allow it?

Mr. CLEAVER: If my hon. friend had paid me the compliment of paying a little attention to some of the speeches I have made, instead of indulging in this type of interruption—

Mr. HOMUTH: I have listened.

Mr. ST. LAURENT: Mr. Speaker, on a point of order, are the rulings you make rulings that should be followed?

Mr. HOMUTH: The Minister of Justice does not have to dictate any of the rules of the house to me. I know the rules of the house much better than he does. I have been here much longer than he has.

Mr. ST. LAURENT: The hon. gentleman does not make that apparent.

Mr. SPEAKER: I have already called attention to the fact that the hon. member has continued to interrupt the speech of the hon. gentleman who has the floor. I hope I shall not have to call his attention to that again.

Mr. CLEAVER: Let me give my hon. friend an example. If he will refer back to a speech I made not so long ago in this house he will get some further information out of it. Does my hon. friend know that $1,000 invested in the stock of Imperial Oil in 1914 was, at the date I made that speech, paying $1,600 a year in dividends?

Mr. HOMUTH: Yes, I know that.

Mr. CLEAVER: That stock had been split seventy-two for one between 1914 and the time I made that speech. I mention that in illustration of the remark I made a moment ago, which my hon. friend questioned, that there are some clever individuals, some corporations, in this country, taking to themselves so much more than their fair share of the annual national wealth that there is not enough left for the little fellow in the lower income brackets to feed and clothe and house his family properly. This measure is facing up to the fact.

This war has taught us many things. One is that the distribution of income among the people is most important, especially in time of war. Mr. Speaker, if you will take the national income of Canada, which was $8·8 billion last year, and deduct from that the $2·7 billion collected in taxes, and deduct the almost $3 billion collected from the people in victory loans, you will have left of national income in the hands of the spending people in this country, a residual amount that is a little more than the national income was at the depth of the depression. Yet in Canada to-day we appear to be reasonably prosperous. The lower income-tax groups are getting along well; they are earning good wages. We appear to be reasonably prosperous; and yet back in the thirties, with very little more net income than the net income of 1943, what do we find? Hundreds of thousands out of work, in distress; families on relief, and the like. The only difference that I can see is the fact that as a result of our financial measures—the excess profits tax, income tax in the high brackets,

and all these other things—we have effected a more equitable distribution of the national income in time of war, and that is why we appear to be reasonably prosperous to-day; whereas in the depression, with very little more national income, we were having very difficult times and hundreds of thousands of our people were going through experiences quite as distressing as, or more so than, war.

For these reasons I have a suggestion to make to the government. I should like to see the government go the whole way and collect by way of excess profits tax the money required for family allowances. I am not suggesting that the Excess Profits Tax Act, which is a war measure, should be continued in its present form, but I suggest that it be revised and brought into shape as a permanent peace-time measure, and I would use the money that would be taken from big companies and others under the Excess Profits Tax Act to pay family allowances, so that we would know that we were doing what we planned to do by this measure. It is simply a transfer of wealth to the tune of $200 million from the pockets of those who do not need it to the pockets of those who need it very badly. I would go farther. I would keep that tax in a separate fund, and, as it increased, as it would with the increased prosperity of this country, I would increase family allowances to the full extent which the excess profits tax returns would permit.

May I turn for a moment to some of the arguments which have been advanced by two members of the Progressive Conservative party in opposition to the present measure. The hon. member for Peel (Mr. Graydon) stated yesterday, as reported in *Hansard,* at page 5342 as follows, in enumerating the various objections which his party has to this measure:

> 3. It adds a further strain on our national unity. There is but one province which has maintained the high birth rate and large family which was so characteristic of Canada's pioneer strains.

I wish also to read from the speech delivered by the hon. member for Parkdale (Mr. Bruce). I am sorry he is not in his seat at the moment, because I have something to say to him, but I must say it whether he is here or not. He made this statement—

Mr. HOMUTH: What page?

Mr. CLEAVER: *Hansard,* page 5365:

> This bill will result in many cases in bonusing families who have been unwilling to defend their country.

Further, on the same page:

> Why should a hard working man who has planned a normal sized family have to curtail his wishes because he is heavily taxed in order to help to support a large family of shiftless people . . .?

Then, referring back to page 5363:

> That province—

Referring to Quebec.

> —because of its large families will derive the greatest benefit from this measure, at the expense of the other provinces, particularly Ontario, which pays one-half of the taxes of Canada.

I think the time has arrived when we must face up to this sort of thing. I have never done anything knowingly to light racial fires, to stir up disunity in this country, and from time to time I have taken from the other side of the house quite a bit in that regard that I did not like. Last night I interrupted, because I thought the hon. member making a speech of that kind should at least conform to the rules of the house and make his own speech, instead of reading one which somebody else had written.

Mr. HOMUTH: Now wait a minute. Mr. Speaker, I rise to a point of order. The hon. member whom the member for Halton (Mr. Cleaver) is accusing of having read a speech which someone else had written for him is not in his seat at the moment. The hon. member has no right to make that accusation unless he has proof of the fact. Either he must produce proof that the hon. member was reading a speech which someone else wrote, or withdraw the statement.

Mr. GARDINER: You are not in your seat, either.

Mr. CLEAVER: Mr. Speaker—

Mr. HOMUTH: Mr. Speaker, I rise to a point of order. I ask the hon. member to do one thing or the other.

Mr. CLEAVER: There is no point of order about that.

Mr. HOMUTH: The point of order is that the hon. member has made an accusation against another hon. member. He should either prove his statement that the hon. member was reading a speech written by someone else or withdraw the accusation.

Mr. GARDINER: Under the rules you cannot speak from that seat at all.

Mr. HOMUTH: I speak for a lot of people.

Mr. CLEAVER: On a question of privilege to-morrow the hon. member, if he says he wrote the speech himself, can rise in his place in the house and say so, but there is no point of order other than that.

Mr. HOMUTH: Mr. Speaker, I rise to a point of order and I ask your ruling on this. There is at least some semblance of order in this house, even though some of us are out of order once in a while. The hon. member made an accusation against another hon. member, and he must either justify the truth of that accusation or withdraw it.

Mr. SPEAKER: The hon. member has called attention to what he considers is an accusation against another hon. member. I think the fact of his drawing the matter to the attention of the house will bring to the notice of the hon. member who is accused that he may of his own volition take the steps which are usual in such cases.

Mr. CLEAVER: As I was saying when I was interrupted, what annoyed me last night and what caused the interruption was the fact that I thought the hon. member was reading a speech which someone else had written, coupled with the fact that the speech had the contents which I have just read. So far as I am concerned, I am not going to sit idly by and let any member of this house, not even the member for Waterloo North—

Some hon. MEMBERS: Waterloo South.

Mr. CLEAVER: —attempt to raise racial—

Mr. HOMUTH: Waterloo North would be very proud of that.

Mr. CLEAVER: — attempt to sow discord and disunity in this country. There is one party in Canada whose leader, outside the house to-day, is doing a lot of that kind of thing, and the infection has spread and reached the House of Commons. What do you think, Mr. Speaker, of the leader of a party, on a social measure such as family allowances, dragging in the racial issue? He called attention to the fact that the birthrate in Quebec was higher than the birthrate elsewhere.

Mr. HOMUTH: What leader outside the house did that?

Mr. CLEAVER: Were those words uttered for any other purpose than to raise racial fire, racial hatred? If they were uttered for any other purpose I will give my hon. friend the opportunity right now to give the other reason. I say that it could not have been for any other reason.

What are the facts in regard to this legislation? The present measure with its reducing scale, after you reach the family of four, obviously takes the family of four as the typical Canadian family. When the family is larger than four in number the monthly payments per child drop sharply, with the result that in the province of Quebec the total cost of this family allowance measure monthly, it is estimated, will be $6,709,000. Then, when you move into Ontario, what is the cost? The same—$6,068,000.

Mr. HOMUTH: Will my hon. friend permit a question? Has he also taken into consideration the amount of income tax returns from those two payments, $6 million in one province and $6 million in the other?

Mr. CLEAVER: No; but thank you for reminding me about the income tax.

Mr. HOMUTH: I thought I would help your speech.

Mr. CLEAVER: My hon. friends opposite are very much interested in raising these points periodically about the means test and what-not, but I have yet to hear any member of that party advocate that the children's allowance with respect to income tax, to the man earning $25,000 a year, should disappear. Think that one over.

Mr. HOMUTH: Knock that straw man down.

Mr. CLEAVER: It is quite apparent, from the terms of this bill and the resulting cost, that an honest effort has been made to hold the scales level with respect to all the provinces, and it is most unfair that criticism should be made in that regard without a statement of the facts. My hon. friends in the Conservative opposition, I say, raised this racial issue for one reason, and for one reason only. They have nothing to lose in Quebec. Why, bless you, this time they will not even lose their deposits!

Mr. HOMUTH: Well, you certainly will. Don't worry.

Mr. CLEAVER: They have no candidates in Quebec. They have nothing to lose in Quebec, but they think that by raising this racial issue they are going to gain a few votes in Ontario. What do you think of a major party which would have utter disregard for unity in Canada, in a time of war, just in order to make a few votes at a coming election? The family allowance scheme, I submit, has been justly and fairly thought out. Every province will benefit and benefit fairly by it.

I now come to the next point raised by the opposition and that is another objection raised by the hon. member for Peel. Listen to this: "9. It denies the basic principles of social justice", because it treats everybody alike. We are told that we have a new Conservative party, that they have a new name, a new leader and a new platform. They would lead

us to believe; they want us to believe, that they have given up all their old Tory ideas of preference for the rich and the like. What do we find? Yesterday their leader came out and denounced the measure as opposed to the basic principles of social justice because it treats everyone alike.

Mr. HOMUTH: The hon. member ought to be fair. If he is going to quote any part of that particular clause he ought to quote it all. Let us be fair about it.

Mr. CLEAVER: I will read the entire sentence.

Mr. HOMUTH: That is a good idea.

Mr. CLEAVER: "This scheme lumps them all together and gives the same grant to all."

Mr. HOMUTH: Go ahead and read the rest.

Mr. CLEAVER: What do you think of that? It does not give preference to the rich; it treats everyone alike; therefore it is opposed to social justice.

Mr. HOMUTH: The hon. member puts an interpretation upon it that is not fair. Let him read the whole clause.

Mr. SPEAKER: The hon. member will have his opportunity and he may review the arguments which the hon. gentleman is making.

Mr. HOMUTH: I certainly will.

Mr. CLEAVER: Then we come to the next argument, that the parents cannot be trusted with the money. There is nothing new in that argument.

Mr. HOMUTH: Who said that?

Mr. CLEAVER: That argument has been advanced many times.

Mr. HOMUTH: Who said it?

Mr. CLEAVER: I say that it has been advanced many times in opposition, that you should not increase wages because the man would spend the money unwisely.

Mr. HOMUTH: Oh, nonsense!

Mr. CLEAVER: It certainly is nonsense.

Mr. HOMUTH: Nonsense!

Mr. CLEAVER: My hon. friends in the opposition have a right to their opinions. If they distrust the parents of children in this country, if they do not believe that the father and mother of children think more of those children than anyone else, I am not to blame. They are to blame for so thinking.

[Mr. Cleaver.]

Mr. HOMUTH: You are raising the bogey, not we.

Mr. SPEAKER: Order.

Mr. CLEAVER: My hon. friend says that I am raising the bogey. I say that my hon. friend's party—

Mr. HOMUTH: Where?

Mr. CLEAVER: —have expressed their opposition to this measure because there is no assurance that the money will benefit the children; it may go to the beer parlour.

Mr. HOMUTH: Will you please prove that.

Mr. CLEAVER: I will.

Mr. HOMUTH: All right; prove it.

Mr. CLEAVER: I shall be glad to give a quotation. Bracken House, you know, has been very busy.

Mr. HOMUTH: You can't find it; I may have it here.

Mr. CLEAVER: Does my hon. friend disown the Ottawa *Citizen?*

Mr. HOMUTH: The Ottawa *Citizen?* I never owned it.

Mr. CLEAVER: Let me read from an editorial of July 4, which states in part:

> But the family allowance scheme of the Prime Minister will not benefit them.

Referring to the children.

> It contains no guarantee that a single nickel will go to improve the lot of the children.

Mr. HOMUTH: Where is that quotation from?

Mr. CLEAVER: I am reading from an editorial that appeared on July 4.

Mr. HOMUTH: In what paper?

Mr. CLEAVER: The Ottawa *Citizen.* All I have to say in reply to that argument is this. If my hon. friends of the Conservative opposition think that this money will be spent unwisely by the parents, that it will go to the beer parlours and that the money should go into social services, they have a right to their opinion. But I have a right to mine. I trust the parents of this country. I know that at least ninety-nine per cent of them will spend the money wisely on additional food, proper clothing and better housing conditions for their families.

Mr. HOMUTH: I believe in a hundred per cent of them.

Mr. SPEAKER: The hon. gentleman's time has expired.

Mr. CLEAVER: I wonder if I get any credit for the interruptions?

Mr. FRASER (Peterborough West): Not a bit.

Mr. CLEAVER: I shall just take up one short matter and leave the rest for another occasion.

Mr. HOMUTH: Give us one more gibe.

Mr. CLEAVER: It is quite obvious that the word has gone out that this measure must be beaten at all costs. Articles have appeared in the press directly contrary to the fact, throwing out the idea that Great Britain is opposed to family allowance, at least, based upon the Beveridge plan. To anyone who wishes to look up the matter I would refer them to the parliamentary debates of the House of Commons of February 16, 1943, which entirely repudiates that statement. That statement has appeared editorially in many papers in Canada. I do not know how they could all be infected at once were it not for the fact that this information emanated from one source. I suggest that it was the Bracken House.

Mr. HOMUTH: Prove that.

Mr. FRASER (Peterborough West): You might have said it yourself.

Mr. CLEAVER: A long article was written by—

Some hon. MEMBERS: Your time is up.

Mr. CLEAVER: —Miss Charlotte Whitton. In this article there is an analysis of what will happen with respect to two different incomes. The first income taken is that of a married man earning $1,500 a year, and after a long-winded explanation—

Some hon. MEMBERS: Your time is up.

Mr. CLEAVER: —the article purports to show that that person will be out $68. I say that is a deliberate untruth.

Some hon. MEMBERS: Your time is up.

Mr. SPEAKER: The hon. gentleman's time has expired.

Mr. CLARENCE GILLIS (Cape Breton South): It is a difficult task to make a speech on this particular measure at this stage of the debate, because so many good speeches have been made and the subject matter has been pretty well canvassed. The thing that makes it most difficult is the lack of opposition to the measure, particularly vocal opposition. We know there are a lot of hon. members to the right who are ready to oppose the measure as indicated by the statements of their leaders in the house and in the country, but so far as taking part in the general debate is concerned they are conspicuous to-day by their silence. However, I did not rise to quarrel with them, but I should like to have some idea of the particular angle of the measure on which they base their opposition.

In opening the debate on the bill I think the Prime Minister (Mr. Mackenzie King) struck a keynote that is long overdue in Canada. It was gratifying, to the members of this group at least, to hear the Prime Minister make the categorical statement that our human resources were more important than our natural resources. That is a trend of thought that is long overdue in this country. It is the basic philosophy of the movement that I represent in this house. In his statement the Prime Minister elaborated that philosophy to some considerable extent. I think the time has come in Canada for us to decide definitely on two matters in allocating the wealth of this country in the future. I think, and the members of this group think, and have so expressed themselves on many occasions, that the first charge against that wealth should be the care of the aged. The people who are responsible for whatever measure of success Canada has had since confederation, the old pioneers of the country, the people who are responsible for giving us the democratic institutions through which we discuss and bring forward legislation of this kind should be our first care. The first charge on the wealth of the country should be adequate provision for those who made the nation possible and gave us what we have to-day. In line with the Prime Minister's thoughts in expressing the sentiments he did when presenting this measure to the house, I think it is a matter on which we must come to some definite conclusions in the near future. There must be more adequate care for the aged people of this country. Second in importance to that is, I think, the measure now before the house, and the basic principle upon which it is framed. The second charge against the wealth of the country should be the care of the young children, those who are going to take this country forward in the future.

If we are to have in the future a nation that we can be proud of, then we shall have to correct the mistakes of the past with respect to the treatment of the young. One of the reasons why we are supporting this measure is that we feel it is a step in the right direction. It is at least a general recognition on the part of the government of Canada that we definitely have a responsibility to the youth, to the future generations, to our future citizens, to those who will be running this country in the future. It is our duty to see to it that they

have some measure of security in the years when they are not able to fend for themselves. That is why we are pleased to be able to support this measure at the present time.

As I understand the principle of the measure, it is to be a children's allowance. The moneys appropriated and expended by parliament in connection with this particular measure are to go specifically and exclusively to the children of this country. I have heard many opinions expressed across the floor of the house with respect to the limitations and changes that should be made. I heard references to New Zealand and Australia and the systems that they follow. The hon. member for Edmonton East (Mrs. Casselman) made an excellent speech. The hon. member for Essex East (Mr. Martin) made, I think, one of the best contributions to the debate from that side of the house. That hon. member, occupying an official position in the Department of Labour, viewed this measure in a realistic way, I was pleased to hear him express the sentiments he did. I want to take this opportunity to say that, if the necessary action to support the sentiments expressed is taken, then I do not think anyone need have any fear with respect to the working of this measure if and when it is put into effect. The hon. member for Essex East and the hon. member for Edmonton East referred to the fact that there was a means test in New Zealand. I do not think that is correct.

Mr. MARTIN: I do not think I said that.

Mr. GILLIS: I thought you did. If you did not, I am prepared to withdraw the statement. But the hon. member for Edmonton East definitely did refer to a means test. That suggests to the average person a social service worker invading his home, examining his cupboards and deciding whether he is sufficiently undernourished to receive a grant of this kind. That is not the situation in New Zealand at all. The situation is that minimum rates of five pounds five shillings are established. There is a ceiling on the total income of those who receive the allowance, but there is definitely a substantial minimum income provided first of all. Anyone not earning in excess of the ceiling, which applies to both urban and rural workers, receives an allowance. On the other hand, a rural or urban worker who may not be earning the minimum set will receive a sufficient allowance to bring him up to that minimum. That is how the thing is worked in New Zealand. It is not a means test, but there definitely is a ceiling and a minimum standard set for the whole country. I merely wanted to make that correction because I think it is unfair to the country which has pioneered so much in social service measures.

As I said a moment ago, I think the measure now before the house was designed definitely to care for the children of Canada. There should not be any quibbling; there should not be any limitations; it should not be assumed that it will not work properly. I think every child within the age limits set out in the bill should receive this grant. It is immaterial to me whether you get some of it back by taxing the higher income groups. I may be earning $4,000 or $5,000 a year and my family is well provided for. If you put a ceiling on this it may happen that within six months I have no income because of sickness or from other causes. The result would be that my family would have no income. As the matter stands now, I think the allowance should be paid to every child in Canada. I think also it would be proper to tax it back from the higher bracket incomes. There should be no discrimination. If this is to be given to the children of Canada in recognition of our responsibility to them, then it should be given without any reservation or restriction. That is what should be done in order to keep within the principles underlying children's allowances.

I have in mind the different mothers' allowance acts of the provinces. There is no such thing as a mother's allowance. The qualifying section in those acts requires that the mother shall have two children under a certain age, or one child in extenuating circumstances. It is a children's allowance rather than a mother's allowance. There are many limiting factors which should not get tangled up in this legislation.

I have heard the opinion expressed that there is no need for these allowances. I have heard it said, particularly this evening by the hon. member for Cartier (Mr. Rose), that in some respects organized labour are opposing the measure. The hon. member went on to name certain people. I would point out to the house that the Canadian Congress of Labour made a presentation to the government in February of this year. There was no direct opposition on behalf of the Canadian Congress of Labour in that presentation. I do not want to read this into the record because the government has it. They accepted family allowances with certain reservations.

Mr. HOMUTH: But they have some fear.

Mr. GILLIS: Certainly, and rightly so. I am going to express that opinion as I go along.

Mr. MARTIN: Did not Mr. Forsey approve it in the reconstruction committee?

Mr. GILLIS: That is correct. The reservation they make with respect to family allowances is that it must not under any circumstances be used by industry as a means of keeping down wages. In considering the broad social plan they accept the principle of family allowances. All we are establishing at this time is the principle and that principle is accepted by the Canadian Congress of Labour and, I think, by any sensible trades union leader in the country who has had an opportunity of studying the matter.

There may be some who expressed premature opinions when the announcement was made a few months ago that this measure was to be brought in. That was done before they had had an opportunity of studying this complicated problem. Consideration had to be given as to how family allowances could be worked in without disturbing other social measures, and what uses and abuses might occur if it were not administered strictly in accordance with the principle that is being established. Many of those people did not have the advantages that we have in the house, and they were not able to clarify their minds as quickly. I did mental handsprings in connection with this measure before I definitely made up my mind as to what I actually wanted. I am trying to express that decision to-night. I do not want the impression left in this house that certain organized groups across the country are disproving this measure. I am reasonably sure that this measure can be taken to any trades union section in Canada and the principles enunciated will be approved.

Is there a need for it? Yes; there is a definite need now for it. Like other hon. members of the house I am receiving many letters. Take the case of a woman whose husband has been incarcerated in the common gaol. There is no income from the breadwinner. If these allowances were available the wife and children of that family would have a measure of protection. Many of us receive letters from women whose husbands have gone A.W.O.L. in the army, navy or some other branch of the service, with a discontinuance of the dependents' allowances. It is a pathetic sight to see a woman, as I have, whose husband overseas is absent without leave—no income, no means of getting the necessities of life, and restrictions in the field of credit. All these make it impossible for the merchant to carry her; so that the family has nowhere to turn, except to charity.

Mr. HOMUTH: But she may not get this.

Mr. GILLIS: Yes, she will, according to my reading of the bill.

Mr. HOMUTH: No.

Mr. GILLIS: This measure will afford relief in a case of that kind.

Then fears are expressed by some that family allowances may be used to depress wages, and that they may militate against workers, in certain circumstances. May I repeat and also support what was said this afternoon by the hon. member for Essex East and by my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles). I speak as one who on many occasions has paced the picket lines in labour disputes, and I say that this measure is taking the wife and family out of the firing line in cases where workers are forced to strike because of an unreasonable attitude by employers.

I can remember back in 1925 when we had a strike which lasted five months, and involved 12,000 miners in Nova Scotia. During that five months we lived on relief, practically, at eighty cents a week per family. It was pretty hard to get by, but we did it. Had we had this measure at that time it would have been a great asset to the workers of Nova Scotia who were endeavouring to establish what was a reasonable, just and fair wage.

Mr. HOMUTH: Does the hon. member realize that if those men had been earning wages subject to income tax, so that they would not have come under relief, the wives and children would not have got anything when the strike occurred.

Mr. GILLIS: I appreciate that, fully. But when one stops for a moment he must realize that sixty-two per cent of the workers receiving wages and salaries in Canada are getting less than $1,000 a year.

Mr. HOMUTH: I am talking about your particular case.

Mr. GILLIS: Yes; in our particular case we would have come under this measure at that time, because we were not in the brackets where we would have been paying income tax.

Mr. HOMUTH: Would you now?

Mr. GILLIS: I am safe in saying that now sixty per cent of the workers in the coal mines would not be affected because of the income tax restriction in this particular measure.

In my view this measure cannot be used to depress wages, if the organized workers of Canada keep their trade unions strong, and police this kind of legislation. They will have to do that. No government body, and no one in Ottawa is, in my opinion, going to stop employers in Canada from taking advantage of this kind of legislation. To keep control of that situation organized workers in Canada must strengthen their trade unions, insist upon agreements, police legislation, and keep those

who are administering the measure informed as to where other people may be trying to take advantage of it.

Are there employers in Canada who will use it to their own advantage if they can? Yes; there are many of them. But there are also many of them who will not, because many employers in Canada are fair. The kind of employer who would use this measure to his own advantage would be the kind we have in the shipyards in Halifax at the present time. Down there 3,000 workers are being forced to strike to-morrow morning. And that is a strike in an essential war set-up, and one which may spread to the whole of Halifax harbour.

The employer who so far forgets himself as to take that kind of action and to jeopardize the entire nation's war effort, through that very important port, will take advantage of this kind of legislation, if the workers are not organized and policing it. We do not expect paternalism from the government. We expect only a fair deal. The workers of this country intend to organize democratically, to see that this kind of legislation is not abused. I am not a bit afraid, in my section of the country at least, of employers being able to use this measure for their own benefits. If they do, the government in power will certainly hear about it, and we will insist upon certain things being done.

Unions in Canada are not strongly organized in certain sections, I believe, and I hope that, in the future, legislation, both national and provincial, will be made available, because the trend to-day in the world is toward the democratic set-up, and the extension of the machinery we have had in the past.

I shall reserve my criticisms of the bill itself until a later time. I believe it requires some clarification, but I shall not discuss the sections in detail until we reach the committee stage. For example, section 6 stipulates that a board of referees is to be set up to determine if and when a person has a legitimate grievance because of his not being brought under the operations of the bill. Unless there is equal representation on the boards which are to administer the legislation, I have fear as to whether it will carry out the functions for which it is intended. That section merely states that the board is to be set up, but I think there will have to be equal representation across the country on these boards, both provincially and nationally, and that will have to be given if the measure is to work out satisfactorily.

Section 8 of the bill is, in my opinion, rather tricky, in that it gives to the governor in council unlimited powers to determine respecting whom these moneys shall be paid, and as to whether there is any duplication either nationally or provincially. Then, as I see it, those in receipt of mothers' allowances in a province which, in reality, are a grant to the children, can be removed from the scope of the bill, because it could be considered that there would be a duplication of payment. That, in my view, requires clarification, because certainly this measure should not in any way replace mothers' allowances paid in the provinces. In my opinion it should not be considered as a duplication of compensation for pensions. The bill itself states that pensions paid to army, navy or air force personnel will not be considered as duplications. There is no mention, however, of compensation or mothers' allowances paid in the provinces. Neither is there any mention of the merchant marine, although personnel of that body are to-day in receipt of war pensions because of disabilities received in this war.

Before the bill is finally adopted these matters should be clarified beyond shadow of any doubt. As I see the matter, this is the first measure of social security, in the real sense of the term, that has been set up in Canada. This is the first step toward a general over-all social security plan for Canada. It will have to be organized slowly. I realize that there is a great deal of difficulty from a jurisdictional standpoint, and for that reason I was particularly pleased to hear the Minister of Justice (Mr. St. Laurent) in his speech clarify the limitations in the British North America Act. I believe his opinion was good, and after hearing him I would conclude that we have more latitude than I had at first thought. But before we finally accept the bill it should be clearly drawn, so that there may be no doubt as to who would be entitled to the allowances and who would not.

In closing my remarks, I shall speak briefly with respect to the implementing of the legislation. We do not want to be unmindful of the fact that all the social security measures, or social insurance—because this is the first social security measure—will require the spending of considerable sums of money. We do not want to feel that we shall have to go on in the same old-fashioned ways that we followed prior to the war. I believe that to make this measure function as we wish to see it function we shall require fundamental changes in our economic set-up, and considerable changes in our method of financing. If we are not prepared to make those changes we shall not be able to implement fully this step that we are now taking. There are going to be difficulties which will require the sensible cooperation of everyone in Canada who is trying to push this country forward.

I am quite pleased to be able to stand here and say that for the first time since I have come

into this house I can wholeheartedly support the principle of a measure without any reservations whatever, if we all mean the things that we said when this bill was presented to the house. I am going to do my best to see that the provisions of this bill as set out here are implemented, and I shall work to the end that our unemployment insurance, our measures with respect to health and other social services that we have been discussing will be combined eventually in one general social security act applicable right across the country, whereby both the aged and the youth of this country may be guaranteed a full measure of social security. I am not concerned about the people in between. They can rustle for themselves; but I believe, as the Prime Minister rightly said, that we in this parliament have a supreme obligation to those who helped to build up this nation and are no longer able to take care of themselves, and also to those who are going to carry this nation forward into what we all hope will be a brighter future. It is our obligation to see that these young people are fitted for that duty.

Mr. R. T. GRAHAM (Swift Current): Mr. Speaker, I think we can all appreciate the very real satisfaction that the Prime Minister (Mr. Mackenzie King) felt in introducing this particular measure to the house. I think the pride that he exhibited in the provisions of this bill and in the purposes it would achieve springs from the fact that it is the fruition of almost his life's work and is something in which we can all join and which we can all thoroughly appreciate.

I agree with others who have said that this is one of the most important measures ever presented to any parliament in any country. So important do I consider it, that one of the reasons why I rise to speak is to put on the records of this house my own spoken support of the measure, and also to give me an opportunity of congratulating the government on formulating such a policy and bringing it down in the shape of the bill that is now under consideration.

When I noted the proper satisfaction and pride exhibited by the Prime Minister on this occasion, I could not help comparing it with another statement that was placed on the record quite recently by another member of this house, indicating the political successes that this particular party had achieved in the last few years. The period with which he was dealing was from 1940 down to the present. We all recall that that period coincides with the life of this parliament and with the four and a half years of this war in which we are all so much concerned. It struck me that that statement made by the hon. member for Winnipeg North Centre (Mr. Knowles) was unfortunate. It was a matter in which I could not have joined with him in taking pride had he been speaking on behalf of my leader or on behalf of the party which I have the honour to support because, as I listened to him recite the political successes that had been achieved by his party during that period of terrible warfare, it seemed to me that he was giving to the house the war record of the party to which he belongs. And so I suggest to you, Mr. Speaker, that it is, to me at least, a matter of great pride, as I am sure it is to every member on this side of the house, that we have sat behind the Prime Minister with his record of achievement in the war effort and with his record of achievement in putting through social legislation which has finally reached its culmination in the introduction of this wide and comprehensive measure that we are now considering.

I do not know that there is much that I can add to the many excellent speeches which have already been made in support of this excellent bill, but there are one or two points that I should like to draw to the attention of the house. The underlying principle of the bill, the keynote of the measure, is equality of opportunity. To me that is essentially a principle of true Liberalism. Personally I have almost a horror of paternalism because I believe it destroys the fibre of the people to whom it is applied. But under this measure we in no way disturb the parental authority, the parental control or the parental direction of the lives and well-being of the children. In other words, the basic principle of this bill is to help parents to perform a very important task. It is to help them to help themselves.

These family allowances, as has been pointed out, go to those in the income classes who need it most, to those who are not in receipt of sufficient income to pay any income tax, and to those whose income is on the margin where the income tax payable is very small.

I happen to come from an agricultural constituency, and naturally I considered this bill in the light of its effects upon those engaged in farming. The results will, I believe, be wholly beneficial to those engaged in agriculture. One-half of the children of Canada live upon farms, and it seems to me, therefore, to follow that the farmers will benefit largely as a class from the provisions of this measure for the well-being of the children of the nation. I think it will be of particular advantage in the area from which I come in southwestern Saskatchewan, a district that all too frequently is visited by drought or other natural disasters which bring almost untold hardships to the farmers in that area. My memory easily recalls the period of the great drought centring in 1937. One of the things that I remember

vividly were the cases that came to me seeking advice and counsel as to how the wives and mothers on the farm could take care of the needs of the children during that period. They suffered these hardships despite the efforts of the municipalities and of the provincial and dominion governments, because I think that neither any of these governments nor most of us who took an interest in these matters during that period realized the intensity of the problem, nor did we understand the measures of relief that we now know should have been adopted at that time.

I recollect, as I say, the real hardship which faced the fathers and mothers on the farms of southern Saskatchewan when they found themselves incapable of supplying their children with the necessary food and clothing and opportunities of continuing their school education. Nothing excited my sympathy and desire to help so much as that experience during the drought period; and while in these last few years that particular area, with some exceptions, has been visited with good crops, we know that drought will come again, and once more the mothers and fathers will be presented with a like problem where the income from the farm fails for some cause over which they have no control. When I think of the benefits which will flow from this measure into those homes in the shape of a monthly cash income, I say to those hon. members who have not experience of the conditions to which I have referred, that they can hardly credit the new hope, the new courage, the upbuilding of the spirit which will come as a result of those benefits received in times of dire distress.

While someone has pointed out that this bill is aimed at assisting the children of the nation, in my opinion it will assist the parents, because no parent can be a good parent, or create that atmosphere which should surround a home, if dire necessity is knocking at the door. So that I believe this measure will accomplish something for parents as well as for children. I believe, too, that there is a psychological problem which will be met, in part at least, by the provisions of the bill. Any parent would agree with me that a child cannot grow up and develop into the wholesome type of Canadian citizen that we like to have if the home is an unhappy one, owing to economic necessity and the inability of parents to provide those things which are needed for the proper upbringing of children. As I read letters in the press, or hear it stated that there are parents who will not discharge the duty expected of them, I reflect that that type will be a small, almost infinitesimal minority. But even that minority, let me suggest, may be the consequence of no such provision in a bygone generation as is contained in this bill, because in all likelihood those people are the products of homes which were visited with some of the troubles which this measure is attempting to cure. So that in that way, remembering that the children of to-day are the parents of to-morrow, I believe that this legislation will do a great deal for family life, for the father, the mother and the children in the home.

There is one other result which will flow from this measure that, to my mind, has great importance. It is connected with a problem which all hon. members would like to assist in finding a solution for. Roughly speaking, the population of Canada is divided equally between males and females; and when we remember that the establishment of a home and a family is preceded by the institution of marriage, we cannot but feel that Canada in its national policies should encourage in every possible way the marriage of our young women to our young Canadian men. I believe that the overwhelming majority of young women find in the career of a wife and a mother the career which most satisfies the desires of the heart. I know that, if they are denied marriage, a home and a family, they claim the right not to be excluded from any other vocation; but I believe that our national policies will satisfy that great and proper desire, that normal and natural desire on the part of the vast majority of our young women, if those policies are directed to encouraging marriage, the establishment of a home and the raising of a family.

When I hear members of the official opposition state that this particular measure will unfairly assist the large families of certain racial groups, I submit that that is a wholly unwarranted as well as too narrow a viewpoint regarding the results which will flow from this bill. Let us consider it for a minute, and in dealing with this I am not referring merely to the high birth rate which has long been a tradition of the province of Quebec. Many other racial groups in my own and other provinces have the same tradition—and it is a healthy and wholesome one,—that of having large families; and as someone said to-night, we would all be proud of the parents who faced the responsibilities of raising a large family if we were assured that those children would be raised to be happy, healthy and productive Canadians. I suggest that this bill will have exactly the opposite effect to that suggested by the leader of the official opposition. In all likelihood it will not increase the number of children in the groups who now have the traditionally large families, but on the other hand it will encourage other groups

among whom the birthrate is low to increase the number of their children, simply because it will assist in removing the fear of accepting the financial responsibility that goes with marriage, the establishment of home and the raising of a family. Therefore I believe that this legislation will have a most wholesome and beneficial effect upon the family life of the whole dominion. Health and education are two great correctives of political and economic ills.

Let me suggest, too, that what we all seek is a common ideal on the part of the younger generation as it grows up; and if we apply the means available through this bill we can broaden the viewpoint, increase the health and the education of those in the large families which this measure is intended to help. If, too, we can encourage those groups who do not go in for large families to accept with this assistance the responsibility of having them, giving them the same assistance in the matter of attainment of health and education, I believe that we shall be doing a great deal to accomplish unity among the Canadians who are growing up to-day. When they reach manhood and womanhood they will have ideals in common, and be able to give to this country greater unity of effort and assure to the nation as a whole greater happiness than it has known in the past. I recommend to the government constant consideration of what I believe to be a very real problem facing this nation, namely, the encouragement of marriage between our young men and young women.

I believe it was the Minister of Justice (Mr. St. Laurent) who pointed out that, roughly speaking, it requires an investment of $5,000 to build a home which would be suitable for the average Canadian family. Most of us can remember when a like home could have been built for a great deal less. One can readily understand therefore that the average young man of to-day would hesitate, in view of the financial responsibility he would assume, to get married, because he feels he might not be able to give the girl of his choice a home, or to shoulder the responsibility of raising a family. I think we will all agree that marriage without children is not as conducive to happiness as marriage with children.

The whole programme of the government, in its national housing plan, in the Unemployment Insurance Act, in its placing of floors under certain farm product prices, in its social security legislation, in its national health legislation, and finally in this family allowance measure, is one that receives my wholehearted support. It is my profound belief that it will result in the establishment of homes and in the raising of young Canadians who will contribute, when they grow up, substantial dividends on the amount that we are investing in the welfare of our young people.

I do not intend to keep the house any longer. I have fulfilled the purpose I had in view in my remarks, in expressing my warm support of the measure and in again congratulating the Prime Minister on the fact that in 1944 he sees the fruition of a thought that had its birth many years ago. I thoroughly agree with him that his life has been largely devoted to the endeavour to have that thought translated into legislation in this house, and I share in the pride he must feel at the comparatively united support which this particular measure is receiving in the house.

In conclusion, I would recall a statement made by the Prime Minister in connection with this bill, with which I heartily agree:

> Human personality, its recognition and development, are of more importance than the protection of property, privilege or position, and the increase of human well-being of infinitely more importance than the increase of material wealth.

I think these are words which every member who supports the bill can quote with approval in recommending it to his constituency.

Mr. J. EMMANUEL d'ANJOU (Rimouski) (Translation): Mr. Speaker, the Bloc Populaire Canadien,—to which I am proud to belong—and I myself have asked the government on several occasions to help, in every way possible, families and especially large ones.

Until the present session, the government turned a deaf ear to our pressing and oft-reiterated appeals in favour of this country's most valuable asset, our manpower.

On February 3, 1944, during the debate on the speech from the throne, I stated the following, which I quote from *Hansard*:

> The speech from the throne contains the announcement concerning the adoption of family allowances by the government. I hope that this is not simply an election campaign promise but that, on the contrary, a bill will be brought down in this connection, in the course of this session. Allowances should not be granted exclusively to families of five or six children, but should apply to all families irrespective of their size.
>
> Families of ten or twelve children are not a scarcity in the province of Quebec. Some are even larger. Personally, I am one of fifteen children, twelve boys and three girls, and I am convinced other families just as large can still be found in the constituency of Rimouski. The government, who had always refused to help large families has now a unique occasion to do so through family allowances. This is not the first time I take the opportunity of pleading this cause in the House and I shall continue to do so until the government decides to be fair to large families.
>
> For us French Canadians, large families are our means of survival, and, as long as, in the province of Quebec, large numbers of children are brought into the world, we shall not need refugees or immigrants from whatever country

they might come; that is the way to bring happiness and prosperity to the province of Quebec and to Canada.

Of course, on the eve of elections and for campaign purposes only, our leaders changed their minds and at long last decided to give in to the pressing appeal of those who tirelessly urged that the Canadian family be encouraged and treated fairly.

Indeed, we rejoice in the fact that the government has deemed fit to recognize the principle of helping the family, but we cannot help noticing that the proposal fails in two most important respects. In the first place, it disregards the autonomy of the provinces; in this field, however, their rights cannot be ignored. As far as the province of Quebec is concerned, it has always claimed them. For that reason, each particular province should be entrusted with the administration of the act.

The proposal provides, moreover, that the allowances be paid on a "decreasing" scale from the fifth child on. This is a most unjust procedure. No other country has put into effect a similar method. Some have chosen a uniform rate, others have preferred an "increasing" scale. If the government really wants to help large families, it should put the latter into effect. French-Canadian families will be particularly hard hit by this "decreasing" rate and if approved, it would cause unforgivable injustice. I hope the government will reconsider the matter and remedy that injustice by adopting the progressive rather than the decreasing rate provided for in the bill now before us.

The true originator of family allowances in Canada was the great patriot Honoré Mercier, former prime minister of the province of Quebec. He was the first to take a sympathetic stand toward large families in the province of which he was unquestionably the greatest prime minister. He granted to families of twelve or more children a certain acreage of land. He was an ardent believer in the "revenge of the cradle". Consequently, his memory is ever cherished by the people of the province of Quebec whose motto will always be "I remember".

I listened the other day to the speeches of some members who are horrified by the fact that the government have decided to spend $200,000,000 in order to help large families. Yet, those members are the same ones who had no hesitation in voting $2,800,000,000 as a tribute to England. They are the ones who demand total war, who do not hesitate to state that Canada should fight to the last man and spend its last penny in this war. But when it comes to protecting this country's most valuable asset, the large families, they are horrified and condemn the government.

As far as I am concerned, I join those who have congratulated the government on having at last brought down this measure of family allowances. It is a step in the right direction.

The hon. member for Parkdale (Mr. Bruce) said last night, as reported on page 5365 of *Hansard:*

> Is it not amusing to observe a Liberal government, which laughed at Aberhart's $25 a month to all families, suddenly bringing down a baby bonus proposition which will cost the country $200 million or more? This bonus will be given to children up to fifteen years of age, whereas even in Russia it is proposed to bonus children only up to five years of age. It should be remembered that the government will get the money for their largesse out of the people by taxes. This means that everyone who pays taxes will have less money to educate and bring up his own family. I believe that it is a fact that sixty-three per cent of the families with ten or more children live in the province of Quebec. Contrast this with British Columbia where families are small and where forty per cent have no children living at home. When eight provinces realize that they are being taxed for the benefit of one province, will it not accentuate the disunity which has shaken Canada from coast to coast, because the government chose to listen to the powerful voice of this same province which refused to share equally with others in fighting the common enemy?

If there are people who can sow disunion in the country, they are like the hon. member for Parkdale, who forgets that recently a French Canadian, Major Triquet, won the Victoria Cross.

He also forgets the losses sustained in this war by the French Canadians. If he were to peruse the daily casualty lists, he would notice that the losses among the French Canadians have been especially heavy, in Sicily, in Normandy and elsewhere. He would see that the Royal 22nd has fought nobly and the Régiment de Québec has been practically annihilated. This same gentleman states in this house and before the whole country that the province of Quebec should not benefit from the family allowance proposed by the government, because the French Canadians of Quebec have not discharged their duty. As long as this country harbours such fanatics and imperialists, it will be very hard to attain Canadian unity.

I shall not labour this point any further, but I shall repeat that these very same gentlemen are the ones who do not hesitate to claim that the tribute we pay to England is not large enough; who maintain that we are not sending enough men to the slaughter in foreign lands; who, to-day, oppose a vote of $200,000,000 to safeguard the most precious asset of our country. Family allowances will be a great encouragement to large families and, after the war, we should be in a position to do without immigrants. It is better to take

care of our human resources in Canada than to spend fabulous sums to attract immigrants from overseas.

For my part, Mr. Speaker, I favour this measure and hope that the administration in power when the bill we are now considering has become the law of the land will administer it with justice and fairness to all.

Mr. THOMAS REID (New Westminster): I rise at this time to join with others in my support of the measure that has been introduced by the Prime Minister (Mr. Mackenzie King), namely, family allowances. In the few minutes at my disposal I wish to say that it seems strange to me that most of the opposition to this bill has emanated from those who, so far as I know, have never felt the hand of poverty. To me it is most remarkable that those whose lot in life lay along the easy path, shall I say, are the ones in this country who are now raising their voices loudly against this measure. I noticed also that in the address given by the leader of the Conservative party (Mr. Graydon) against the measure, although he claims to be a farmer, no mention was made by him of the fact that this measure would benefit one class above all others, namely, the farming class. The man who claims to be a farmer made speeches and diatribes against this measure but did not mention that it would benefit the very class to which he claims to belong.

Statements have been made by some that it would benefit certain provinces more than others. I took the time the other night to go into the child population of the various provinces. I obtained a statement from the bureau of statistics, a brief analysis of which is as follows: There are some 3,409,911 children in Canada between the ages of birth and sixteen.

Mr. WRIGHT: The census of 1941?

Mr. REID: Yes. They are spread out throughout Canada in this proportion. In Prince Edward Island the population is 30,484. The percentage of the children under sixteen to the total population within the province is roughly thirty-two per cent. In Nova Scotia the population is 577,962. The percentage of children under sixteen is thirty per cent. The population of New Brunswick is 457,401. The percentage of children under sixteen is thirty per cent. Quebec has a total child population under sixteen of 1,133,137; the percentage of the children in that province under sixteen is thirty-five per cent. Ontario has 988,933 children under sixteen. Their proportion works out to about twenty-eight per cent. Manitoba has 204,684 children. Their percentage is twenty-eight per cent. Saskatchewan has 286,821 children under sixteen. Their percentage is thirty-two per cent. Alberta has 243,547 children under sixteen. Their percentage is thirty-one per cent. British Columbia, I am sorry to say, has the smallest percentage of children of all the nine provinces. That province has a total population of 817,861. The children under sixteen number 187,427, which works out to about twenty-three per cent of the population within the province.

Mr. HAZEN: Would you mind repeating the number of children in New Brunswick under sixteen?

Mr. REID: The population given to me is 457,401.

Mr. HAZEN: In other provinces you are giving the number of children.

Mr. REID: The children under sixteen total 155,319.

Mr. HAZEN: How many children in Nova Scotia?

Mr. REID: 179,559. It works out roughly to thirty per cent. These figures do not reveal a preponderance of children in the province of Quebec as compared with other provinces. In Quebec there is only a total of thirty-five per cent of the population under the age of sixteen years, whereas in New Brunswick there is thirty-four per cent, and in Prince Edward Island, thirty-two per cent. I think these figures are most interesting; at least they were to me.

The figure for British Columbia is only twenty-three per cent, but I noted that there is a greater percentage of older people in that province when compared with her population than in some of the others. As is well known, nearly all the provinces are represented in British Columbia by former residents. People in ill health or up in years are told to go there to enjoy the splendid climate we have, and usually they stay there to end their days at a time when the rearing of a family is not to be thought of.

It has been said also that some labour leaders have opposed this measure, and they have. Speaking to-night as a labour man, I want to say that I was astonished that any man who had fought his way up through the labour ranks would protest against a social measure of this kind. The contention that it would reduce wages is, to my mind, all wrong. Throughout the years when a man is applying for a position the employer does not consider whether he is married or not. He is employed for the work he is able to perform. When a man is hired because of ability, the employer generally does not look around to see whether a man is married or single when it comes to laying men off.

Not all labour has been against this measure, because I noticed an article in the last issue

of the *Labour Review,* where the Canadian Federation of Labour has this to say:

Nobody has yet objected out loud to the payment of cash allowances to the members of the armed forces for the support of their children. That fact is worth nothing now that many persons are inveighing earnestly against Mr. Mackenzie King's proposal to continue the allowances when the troops return to civil life and to extend them to all Canadian families.

Millions of men now wearing the uniforms of many countries rely upon the state to provide for their children's upkeep. When the war ends, a large proportion of them will continue to enjoy the same provision. In quite a few countries, children's allowances were paid before the war. After the war, still more countries will have them. Canada has to decide whether or not to keep abreast of Great Britain, Australia, and New Zealand in social progress and population policy.

In so far as social legislation is concerned, Canada is not only keeping abreast of some countries; she is well ahead of a great many with the introduction of this piece of social legislation. The article goes on to refer to the objection by some churches, and states:

The objection of some religious sectarians answers itself. If they took as much interest in the size of the population as they do in its habits they would not need to fear the spread of any church. Their sensible course would be, instead of opposing children's allowances, to urge the members of their communions to let marriage bear fruit and enlarge the congregation.

I say that the churches should take note of that, but so far they have not raised their voices. To my mind it is time they raised their voices about this very thing.

There is one warning I should like to give to those who will be responsible for the administration of this legislation. An effort should be made to see to it that the money paid out goes entirely for the benefit of the children. To-day the members of the special committee inquiring into the problems affecting the dominion government and the city of Ottawa were taken on a tour through the city. One man in the party who knew the different districts pointed out certain houses where the children were not attending school for one reason or another. The thought came to me that when this measure is in effect those children and any others should be made to go to school or the money should be kept back from the parents, and not paid until they do.

I have another suggestion to make. There may be a few fathers who will take advantage of the legislation and, so to speak, become vagrants, and who will not be inclined to work. If that is the case, steps should be taken by the municipalities to institute proceedings against such parents who are ready to lie back and not earn money other than that provided by the state for the upkeep of their children. When in the past it was left to the woman of the family to lay a charge against the husband, in many cases the home was broken up. Some other authority should lay these charges. It should be made known to these men that if they are not ready to carry out their responsibilities, a charge will be laid by the municipalities, and they will be made to contribute to the upkeep of their families rather than simply lie back and allow the state to send a cheque along each month, which cheque is intended entirely for the children.

I think this is about all I have to say at this moment. But I do want to say that it is a proud moment in my life that I am a member of this House of Commons at a time when this measure is being placed on the statute books. I come from a humble home, and I realize, perhaps better than some of those who are opposing this bill, just what it means. Those of us who come from fairly large families know that quite often the children who come first are not as well provided for as those who come later on. The children who come first quite often have to go out to work quite early and contribute toward the support of the other members of the family. The children who come later on receive the benefit of this help, and likewise the parents themselves may be in better circumstances as the children grow older.

Coming from a humble family, I know what this would have meant to our family had we had it. I realize what it will mean to hundreds of families throughout the length and breadth of this country. I ask those who are opposing it to take stock of why they are opposing it. If they oppose it simply from a political point of view they should be ashamed. This is the finest piece of legislation this House of Commons has brought down and I am proud that I am a member of the Liberal party. While in the past few years the Conservative party and the Liberal party have got to the point where it has been at times difficult to distinguish between them, especially since tariffs have been done away with, this piece of legislation, Mr. Speaker, makes us truly Liberals, and I am giving it my unqualified support.

On motion of Mr. Fraser (Peterborough West) the debate was adjourned.

On motion of Mr. Mackenzie King the house adjourned at 10.55 p.m.

END OF VOLUME V